

Governance of Forests Initiative  
**Indicator Framework (Version 1)**

*July 2009*





## **The Governance of Forests Initiative An Introduction to the Indicator Framework (Version 1)**

**July 2009**

### ***OVERVIEW***

Competing demands for food, fuel and profit are driving the loss and degradation of the world's remaining forests. Governments, the private sector, and citizens are struggling to manage the conflicts between these priorities. The Governance of Forests Initiative (GFI) seeks to bring widely accepted principles of good governance to bear on the challenges of sustaining forests in developing countries. GFI is a collaboration of the World Resources Institute, Imazon (Brazil) and the Instituto Centro de Vida (Brazil). The GFI indicator framework seeks to:

- provide a common definition and conceptual framework for understanding the integrity of institutions and processes that govern forests across different country contexts
- provide a practical tool for civil society organizations to independently, systematically and comprehensively diagnose strengths and weaknesses of forest governance in their countries, as a basis to advocate for reform
- define a set of measurable, reportable and verifiable indicators of good governance of forests.

This document presents the draft “GFI Framework” and includes a complete set of qualitative indicators for conducting civil society led assessments of forest governance at the national level. We wish to emphasize that this is a DRAFT methodology and living document, which will be revised and adjusted throughout the pilot assessment process.

### ***WHY GOVERNANCE OF FORESTS?***

Institutions and decision-making processes in many countries are failing to manage competing pressures on forested lands and protect long term public interests. The large-scale conversion of forests to timber, plantations and agriculture can generate short term income for governments, the private sector and communities. But unchecked, these trends are leading to a loss of national wealth, natural habitats and livelihoods – particularly for forest dependent communities and indigenous peoples. In addition, illegal and unplanned conversion of forests for productive uses is robbing forested countries and their people of billions of dollars in revenue each year.

The question of how to transfer finance, technology, and technical capacity to developing countries in support of measures to protect forest resources is a central debate within the UN Framework Convention on Climate Change (UNFCCC). Several countries have proposed to harness carbon markets in order to compensate developing countries that can reduce their emissions from deforestation and forest degradation. Carbon markets would pay for the carbon sequestered in forests, thereby giving a commodity value to standing trees. Other proposals involve fund mechanisms – administered at either the national or multilateral level – that would support country actions to mitigate forest emissions.

Finally, some countries have indicated that a combination of instruments will be needed to support a range of measures necessary to address deforestation.

Outside the formal auspices of the UNFCCC, many of these same country governments are already piloting various instruments to capture the climate benefits of forests. REDD “demonstration” projects are underway around the world. Several developing countries and donor governments are working with the World Bank Forest Carbon Partnership Facility (FCPF) and UN-REDD program to explore how carbon markets might pay for programs to reduce deforestation and degradation. A \$1 billion Amazon Fund has been established in Brazil with the support of the Government of Norway to finance initiatives that address the drivers of deforestation.

Amidst this proliferation of activity, GFI seeks to draw attention to the necessity of improving governance of forests – the underlying actors, rules and practices that determine how decisions about forest resources are made – as an integral component of any program to reduce emissions from deforestation and forest degradation. Decades of learning from past efforts to save the world’s forests have resulted in widespread agreement that good governance is essential for positive outcomes in the forest sector. And although recent decades have seen significant – and many positive – changes in the way forests are governed, poor governance of forests continues to drive rapid loss and degradation of the world’s remaining tropical forests.

An international climate agreement provides an exciting opportunity to generate new sources of funding and economic incentives for forest protection. These efforts will be inadequate to achieve the objectives of REDD, however, if due attention is not given to fundamental governance challenges and the many ongoing local and international initiatives seeking to address them. Failing to tackle problems of weak institutional capacity and coordination, accountability, transparency, and public participation may exacerbate current conflicts over the use of forest resources and risk creating perverse outcomes for forest dependent people, forest ecosystems, and the global climate. REDD efforts are more likely to succeed if they are designed to incentivize and support the improvements in governance of forests necessary to slow and halt deforestation fairly and effectively.

Civil society will have a crucial role to play in monitoring the environmental and social impacts of REDD activities, and in holding governments to account for the distribution of REDD revenues and benefits. International support and pressure will also be necessary to bring about needed improvements in forest governance. For governments, civil society, and international stakeholders to be effective, however, they will need more complete and reliable information concerning the specific governance challenges contributing to deforestation and poor forest management, and to be able to track changes occurring over time.

## ***THE GFI FRAMEWORK***

The purpose of the GFI Framework is to provide a common definition and conceptual framework for understanding governance of forests across a variety of developing country contexts, based on widely agreed principles of good governance. The Framework consists of key “principles” and “components” that we use to define good governance of forests. The resulting matrix provides an organizational structure for 94 governance “indicators”, or diagnostic questions that assess the quality and adequacy of a particular aspect of governance relating to one of four major “issues” in the forest sector. In addition, the Framework includes a “country profile” featuring key facts and

quantitative information relevant to the forest sector, in order to provide necessary context for the governance assessment.

**Figure 1: GFI Framework**

		GOVERNANCE COMPONENTS		
		Actors <i>government, international institutions, civil society, private sector</i>	Rules <i>policy &amp; law content, policy- &amp; law-making processes</i>	Practice <i>implementation, administration, monitoring, enforcement</i>
PRINCIPLES OF GOOD GOVERNANCE	Transparency			
	Participation		Issues: ◇ forest tenure ◇ land use planning ◇ forest management ◇ forest revenues & economic incentives	
	Accountability			
	Coordination			
	Capacity			
Country Profile <i>(key facts and quantitative information relating to forest sector outcomes or outputs)</i>				

The indicators are organized according to three major components of forest governance:

- **Actors:** the Framework addresses the functions and capacity of a range of actors that are involved in decision-making from the local to the national level. Relevant actors may include, for example, governmental agencies and institutions, civil society organizations, local and indigenous communities, academic institutions, the media, international organizations, and the private sector.
- **Rules:** the Framework considers the laws and policies that govern and impact upon forests by investigating the processes by which laws and policies are created and changed, as well as the scope and content of the existing legal and policy framework.
- **Practice:** The framework assesses the ways in which actors and rules interact to result in practice at the operational level. It assesses the effectiveness of administrative processes, monitoring, and enforcement in order to gauge the extent to which rules are actually being implemented.

The indicators assess the extent to which a particular aspect of forest governance reflects one or more of five principles of good governance:

- **Transparency:** Transparency is the process of revealing actions so that outsiders can scrutinize them. Facilitating access to information is critical in order to inform and engage public constituents. Attributes of transparency include the comprehensiveness, timeliness, availability,

comprehensibility of information, and whether efforts are made to make sure information reaches affected and vulnerable groups as appropriate.

- **Participation:** Diverse and meaningful input helps decision-makers consider different issues, perspectives, and options when defining a problem. It allows them to gather new knowledge, integrate public concerns into decision-making, and manage social conflicts by bringing different stakeholders and special interest groups together at an early stage when change is still feasible. Elements of access to participation include formal space for participation in relevant forums, the use of appropriate or sufficient mechanisms to invite participation, the inclusiveness and openness of such processes, and the extent to which the gathered input is taken into account.
- **Accountability:** Accountability includes the extent to which there is clarity about the role of various institutions in sector decision-making; there is systematic monitoring of sector operations and processes; the basis for basic decisions is clear or justified; and legal systems adequately uphold public interests. Access to justice and redress are necessary to enable individuals and public interest groups to protect their rights to information and participation. It creates space to reconsider decisions when necessary. These mechanisms help hold a range of actors in the sector to high standards.
- **Coordination:** Coordination refers to the extent to which various agencies and actors whose decisions impact upon forests are advancing common objectives. There are usually separate government agencies and authorities with oversight for forests, environment, land use, agriculture, infrastructure and general macroeconomic planning, respectively. Too often, there is a lack of coordination between these actors.
- **Capacity:** Capacity refers to the government's social, educational, technological, legal, and institutional ability to provide public access to decision-making, as well as the ability of civil society to make use of such access. This includes the capacity of government and official institutions to act autonomously and independently, the availability of resources (both human and financial) to provide access, and the capacity of civil society (particularly NGOs and the media) to analyze the issues and participate effectively.

The indicators address the following crucial issues:

- **Forest tenure:** the broad spectrum of ownership, use, access and management rights to forests, which shape relationships between people and forests by defining who can use what resources, for how long and under what conditions.
- **Land use planning:** the iterative and multi-stakeholder process to determine optimal land uses that maximize benefits for current and future generations given the economic and social conditions of an area.
- **Forest management:** the management and control of various different uses of forests, including conservation and ecological uses, community uses, extractive uses and conversion for agriculture, infrastructure, or other economic activities.
- **Forest revenues and incentives:** collection and management of revenues from productive functions on forested land, and the design and implementation of economic incentives that affect forests.

## ***INDICATOR METHODOLOGY***

The GFI indicators are intended to provide an objective but qualitative assessment of the processes and arrangements that determine how decisions about forest management are made. They are based on the

presumption that better decision-making processes are necessary, if not always sufficient, for improved outcomes. The focus of these indicators is therefore on *how* decisions are made, rather than what decisions are made. For example, indicators addressing the management of resource funds focus on the existence of a “transparent” and “participatory” process for prioritizing spending, rather than the particular programs funded. However, we understand that the relevance of questions about process is linked to the extent to which they result in concrete changes in outcomes or outputs in the forest sector. This context is provided by completing a “country profile” based on key facts and quantitative information relevant to a country’s forest sector.

The GFI framework contains 94 indicators and reflects an effort to balance the need to be comprehensive and capture the full range of governance considerations against the need to limit the number of indicators for simplicity and manageability. Each indicator is framed as a diagnostic question, which is broken down into several “elements of quality” that describe the various attributes that must be met to demonstrate good governance. For each diagnostic question, an indicator value of (i) Low, (ii) Low-Medium, (iii) Medium, (iv) Medium-High, or (v) High is possible based on a documented explanation of the extent to which various elements of quality are met. The indicator design seeks to minimize the scope for arbitrary or inconsistent value judgments. At the same time, each indicator includes an analytical explanation for the value assigned, and researchers are encouraged to use these explanations to capture any limitations of the elements of quality identified, and capture the political and socio-economic dimensions of the issues addressed by the indicator. Although the Framework is applicable across countries, it is not designed to allow quantified comparison of governance “scores” across countries. Such a comparison is not useful given the vast differences in social and political traditions and norms across different countries.

GFI assessments are meant to be conducted at the national level, however, many of the indicators must be applied as case studies of specific policies, regulatory processes, or projects. Furthermore, indicators can be applied to the national or subnational level, or sometimes both, depending on the process or practice being assessed.

**Figure 2: Sample Indicator Reporting Structure**

<b>Indicator:</b> Management of Resource Funds		
<b>Diagnostic question:</b> To what extent are resource funds (i.e. extrabudgetary funds) in the forest sector managed transparently and through participatory processes?		
<b>Indicator description &amp; guidance for assessment teams:</b> Many countries have extrabudgetary funds for forest resource revenues in order to channel resources to achieve particular environmental or social objectives. A fund dedicated to reforestation activities is a good example. Since most funds operate outside of the forest agency budget, the risk of non-transparency and corruption in spending is high. Funds should be managed in a way that supports the government’s overall fiscal policy and aligns with general budgetary practices regarding fiscal transparency and accountability. This indicator should be applied as a case study of a major extra-budgetary fund in the forest sector.		
<b>Elements of Quality:</b>	<b>check if yes</b>	<b>Explanation:</b>
It is clear who the main authority is for managing the fund	—	
Priorities for spending and borrowing are determined through participatory mechanisms that are inclusive of key stakeholders	—	
Spending and borrowing through the fund are guided by clear operational rules, which are available and easily accessible to the public	—	
Fund revenues, expenses and balance sheet is presented to	—	

the legislature and the public together with the annual budget		
The fund is subject to annual external auditing procedures and audit results are published	—	
Regular reports are produced on the impacts of fund spending and are available and easily accessible to the public	—	
Continued explanation:		
<b>Values:</b>		<b>Select:</b>
Not applicable / not assessed		—
<b>Zero to one</b> elements of quality		Low —
<b>Two</b> elements of quality		Low-Medium —
<b>Three</b> elements of quality		Medium —
<b>Four</b> elements of quality		Medium-High —
<b>Five or more</b> elements of quality		High —
<b>Documentation of Research Methods</b>		
Name and organization of researcher:		
Sources of information:		
Any addition information:		

## ***THE PILOT ASSESSMENT PROCESS***

The GFI pilot assessments will be conducted by inter-disciplinary teams made up of civil society groups with complementary and diverse expertise in forest-related issues. The GFI team will also develop strategies – based on their particular country context – to seek support from and engagement with relevant stakeholders throughout the assessment process, including government officials from the sector and other key actors such as sector experts and academics.

Implementing groups will take on the Framework and make it useful for their needs. This will require tailoring many of the indicators to best capture unique circumstances within their country. It will also require focusing the assessment on priority issues and cases for stakeholders involved with the assessment. Assessment teams are asked to use care in documenting and justifying how they answer indicators (which values are chosen) by following the explanatory and guidance notes included with each indicator. Sound research and documentation are the keys to a credible and transparent assessment. Assessment teams should extensively document various cases studies, interview details, reference documents, etc. and detailed explanations (e.g. about choice of case study, basis of assigning values) should be provided with each indicator. However, the indicators presented in this document are in pilot form, and implementing teams are encouraged to recommend specific changes to the indicators that will allow them to better capture the governance issue being assessed.

National assessment teams will choose how to use the indicators and related assessment reports in order to complement ongoing work by civil society to improve governance of forests. The assessment process can create a potentially powerful platform to advocate for changes from the local to the national level. National coalitions will develop influence strategies with the aim of leveraging assessment results to influence major ongoing processes in the country and region; for example, climate change and REDD policy development and efforts to combat illegal logging. A necessary component of these strategies will involve engaging with government officials and others on a systematic basis to argue for reform.



## Additional Resources and Indicators

### International Instruments & Initiatives for Forest Governance

United Nations Forum on Forests

*United Nations*

<http://www.un.org/esa/forests/index.html>

Forest Law Enforcement, Governance and Trade (FLEGT)

*European Commission*

<http://ec.europa.eu/environment/forests/flegt.htm>

Forest Law Enforcement and Governance (FLEG)

*World Bank*

<http://go.worldbank.org/FMKUFABJ80>

Forest Governance Learning Group

*Sponsored by the International Institute for Environment and Development (IIED)*

<http://www.iied.org/natural-resources/key-issues/forestry/forest-governance-learning-group>

Oslo Governance Center

*United Nations Development Programme*

<http://www.undp.org/oslocentre/>

### Global Criteria / Indicators / Principles (forest specific)

FSC Principles and Criteria for Forest Stewardship

*Forest Stewardship Council (1996)*

<http://www.fsc.org/pc.html>

The CIFOR Criteria and Indicators Toolbox Series

*Center for International Forestry Research (1999)*

<http://www.cifor.cgiar.org/acm/pub/toolbox.html>

Revised ITTO criteria and indicators for the sustainable management of tropical forests

*International Tropical Timber Organization (2005)*

<http://www.itto.or.jp/live/PageDisplayHandler?pageId=201>

The Pyramid - A diagnostic and planning tool for good forest governance

*WWF, World Bank, IIED (2002)*

[http://www.panda.org/about\\_wwf/what\\_we\\_do/forests/our\\_solutions/tools/index.cfm](http://www.panda.org/about_wwf/what_we_do/forests/our_solutions/tools/index.cfm)

Forest Transparency Indicators

*Instituto Centro de Vida*

<http://www.icv.org.br/>

### Global Criteria / Indicators / Principles (not forest specific)

World Governance Assessment

*Overseas Development Institute*

<http://www.odi.org.uk/projects/00-07-world-governance-assessment/Index.html>

Worldwide Governance Indicators

*World Bank*

<http://info.worldbank.org/governance/wgi/index.asp>

The Access Initiative

*Coordinated by the World Resources Institute*

<http://www.accessinitiative.org/>

The Electricity Governance Initiative

*World Resources Institute and Prayas Energy Group*

<http://electricitygovernance.wri.org/>

# Forest Tenure Indicators

Forest tenure is a broad concept including forest ownership rights and other secondary rights to access, use and manage forest resources. Forest tenure shapes the relationship between people and forests by defining who can use what resources, for how long and under what conditions. This section of the framework considers the extent to which the legal framework for forest tenure recognizes, supports and protects a broad set of rights, with particular attention to needs of indigenous groups and other communities who depend on forest resources for their livelihoods. We also review the effectiveness of systems for implementing formal forest tenure systems – from the administration of privately owned land to permits, licenses, concessions and other forest contracts on public land. However, since much forest tenure continues to operate outside of the formal system, we also try to capture the dynamic relationship between formal and informal forest tenure, including through the effective functioning of dispute resolution mechanisms.

		GOVERNANCE COMPONENTS		
		<b>Actors</b> <i>government institutions, international institutions, civil society, private sector</i>	<b>Rules</b> <i>reform processes, policy content, law content</i>	<b>Practice</b> <i>implementation, administration, monitoring, enforcement, compliance</i>
PRINCIPLES OF GOOD GOVERNANCE	Transparency	<b>Land &amp; Forest Agencies</b> 1. Capacity administer and monitor forest tenure 2. Capacity to negotiate and design forest contracts  <b>Dispute Resolution Mechanisms</b> 3. Capacity to resolve forest tenure disputes  <b>Civil society</b> 4. Capacity to engage on forest tenure issues 5. Representation of indigenous and community groups	<b>Legal Framework for Forest Tenure</b> 6. Recognition community and indigenous tenure rights 7. Legal support and protection of forest tenure 8. Transparent rules for selling and allocating public forests 9. Clear responsibilities and authority for forest tenure administration  <b>Law and Policy Processes</b> 10. Coordination of tenure laws/policies with forest management objectives	<b>Forest Tenure Administration</b> 11. Transparent and accessible land tenure administration services 12. Transparent and accessible administration of permits and licenses 13. Competitive processes for awarding major forest contracts 14. Comprehensive design of forest contracts
	Accountability			15. Comprehensive and accurate information 16. Public access to information
	Participation			<b>Forest Tenure Monitoring</b> 17. Recognition and resolution of community forest tenure claims 18. Participatory community mapping
	Coordination			<b>Community Forest Tenure</b> 19. Accessible and effective dispute resolution
	Capacity			

# Land Use Planning Indicators

Land use planning is an iterative process involving a wide range of stakeholders to determine optimal land uses given the economic and social conditions of an area. Effective land use planning should put into practice those land uses that best meet the needs of current generations while safeguarding resources for the future. These indicators examine the capacity of governmental and civil society organizations to undertake a comprehensive and effective land use planning process. In particular, we focus on the availability of accurate and comprehensive information to inform all stages of the planning process, as well as the effectiveness of efforts to coordinate land use planning processes and actors across various levels of government and land types. In addition, these indicators consider the extent to which land use plans provide a useful tool for governments and civil society in practice, and the extent to which land use plans are effectively implemented and enforced.

		GOVERNANCE COMPONENTS		
		Actors <i>government institutions, international institutions, civil society, private sector</i>	Rules <i>reform processes, policy content, law content</i>	Practice <i>implementation, administration, monitoring, enforcement, compliance</i>
PRINCIPLES OF GOOD GOVERNANCE	Transparency	<b>Land Use Planning Agencies</b> 1. Capacity to conduct land use planning 2. Access to information to inform land use planning 3. Institutional coordination 4. Independence  <b>Civil society</b> 5. Capacity to influence land use planning 6. Representation of grassroots interests  <b>Academic/Scientific Institutions</b> 7. Capacity to engage in land use planning	<b>Legal/Policy Framework for Land Use Planning</b> 8. Requirements for public participation 9. Forest laws/policies require coordination with land use plans 10. Authority and responsibilities for land use planning 11. Guidelines for land use planning  <b>Land Use Planning Process</b> 12. Transparency regarding the process 13. Meaningful media coverage 14. Clear process for public participation 15. Meaningful public participation 16. High quality legislative debate on land use laws	<b>Implementation of Land Use Plans</b> 17. Access to information about land use plans 18. Implementation of land use plans 19. Enforcement of land use plans  <b>Monitoring</b> 20. Access to information about compliance with land use plans
	Accountability			
	Participation			
	Coordination			
	Capacity			

# Forest Management Indicators

Forest management is a central aspect of forest governance, which consists of managing and controlling the various different uses of forests, including conservation and ecological uses, community uses, extractive uses and conversion for agriculture and infrastructure. These indicators examine the quality of the overarching regulatory framework for forests, the capacity of forest agencies to effectively execute a range of forest management responsibilities, and the interactions and influence of civil society and private entities with the management process. Because of the prevalence of illegal activities that affect forest management, we look closely at the effectiveness of systems for monitoring forest activities, controlling activities, and enforcing laws.

		GOVERNANCE COMPONENTS		
		Actors <i>government institutions, international institutions, civil society, private sector</i>	Rules <i>reform processes, policy content, law content</i>	Practice <i>implementation, administration, monitoring, enforcement, compliance</i>
PRINCIPLES OF GOOD GOVERNANCE	Transparency	<b>Forest Management Agencies</b> <ol style="list-style-type: none"> <li>Expertise</li> <li>Independence</li> <li>Internal performance monitoring</li> </ol> <b>Law Enforcement Bodies</b> <ol style="list-style-type: none"> <li>Capacity of law enforcement agencies</li> <li>Capacity of the judiciary</li> </ol> <b>Civil society</b> <ol style="list-style-type: none"> <li>Capacity to engage on forest management and monitoring</li> </ol>	<b>Legal/Policy Framework for Forest Management</b> <ol style="list-style-type: none"> <li>Clear objectives for forest management</li> <li>Clarity and consistency within and between laws</li> <li>Rules for forest management and conversion</li> <li>Rules for protecting biodiversity</li> <li>Policies to reduce deforestation and degradation</li> <li>Clear authority and responsibilities</li> </ol> <b>Legal/Policy Framework for Law Enforcement</b> <ol style="list-style-type: none"> <li>Clear authority and responsibilities</li> <li>Clearly defined offenses and penalties</li> </ol> <b>Law and Policy Processes</b> <ol style="list-style-type: none"> <li>Coordination across sectors</li> <li>Use of high quality information to inform decisions</li> <li>Public access to information on the basis and goals of reform</li> <li>Clear process for public participation</li> <li>Meaningful public participation</li> <li>High quality legislative debate on forest law</li> </ol>	<b>Forest Management</b> <ol style="list-style-type: none"> <li>Forest management information system</li> <li>Public access to information</li> <li>Local community participation</li> <li>Control of fire and other disturbances</li> <li>Management of protected areas and indigenous lands</li> </ol> <b>Monitoring</b> <ol style="list-style-type: none"> <li>National forest inventories</li> <li>Forest cover change</li> <li>Forest management and use</li> <li>Forest product supply chain</li> <li>Independent forest monitoring</li> </ol> <b>Enforcement</b> <ol style="list-style-type: none"> <li>Prosecution of offenders</li> <li>Application of penalties</li> </ol>
	Accountability			
	Participation			
	Coordination			
	Capacity			

# Forest Revenues & Economic Incentives Indicators

Forest revenues and economic incentives encompass two important financial flows that significantly influence decisions about how forests are managed and used. Our indicators explore the entire spectrum of revenue management in the forest sector, from the establishment of a forest charge system, to the implementation and enforcement of that system, to the earmarking and spending of those revenues through central budgets, resource funds and other revenue sharing arrangements. With regard to economic incentives, our indicators look at the particular processes determining how economic incentives are developed, targeted and dispersed in a way that promotes overarching social, economic and environmental goals. Since corruption is a critical issue regarding all types of financial transactions in the forest sector, our indicators look closely at mechanisms for increasing the accountability and transparency of all types of revenue and incentive flows.

		GOVERNANCE COMPONENTS		
		<b>Actors</b> <i>government institutions, international institutions, civil society, private sector</i>	<b>Rules</b> <i>reform processes, policy content, law content</i>	<b>Practice</b> <i>implementation, administration, monitoring, enforcement, compliance</i>
PRINCIPLES OF GOOD GOVERNANCE	Transparency	<b>Civil Society</b> 1. Capacity to work on forest revenue issues  <b>Government</b> 2. Forest expertise of the national budget authority  <b>Private Sector</b> 3. Financial transparency of forest resource companies 4. Environmental policies of lending institutions	<b>Legal/Policy Framework for Forest Fiscal Management</b> 5. Clear authority and responsibility 6. Transparent revenue sharing mechanisms 7. Fiscal transparency requirements  <b>Establishing Forest Charges &amp; Economic Incentives</b> 8. Transparent and participatory processes to set forest charges 9. Transparent and participatory processes to set economic incentives 10. Minimize negative environmental impacts of non-forest sector economic incentives  <b>Forest Agency Budget Process</b> 11. Transparent budget process 12. Effective legislative oversight	<b>Forest Fiscal Management</b> 13. Effective accounting system for public spending 14. Effective accounting system for revenue collection 15. Comprehensive and timely reporting on fiscal activity 16. Transparent management of resource funds 17. Internal controls and auditing of fiscal activity 18. External auditing of fiscal activity  <b>Implementation of the Forest Charge System</b> 19. Effective administration and enforcement 20. Public awareness of forest charges  <b>Implementation of Incentive Programs</b> 21. Effective administration and enforcement 22. Transparent system to record payments 23. Monitoring of impacts and effectiveness
	Accountability			
	Participation			
	Coordination			
	Capacity			

# Forest Tenure<sup>1</sup> Indicators

## ACTORS

Indicator	Elements of Quality	Governance Principles
<b>CIVIL SOCIETY</b>		
<b>1. Capacity of civil society organizations to engage on forest tenure issues</b> Civil society organizations (CSOs) can play a critical role in promoting tenure security, particularly for vulnerable and marginalized people and communities. Since land administration is often dominated by financial and technical considerations, other public interest concerns such as customer service, equity in access, and environmental impacts are frequently under-represented. To represent these interests effectively, civil society organizations must have the necessary capabilities to engage: technical -- including an understanding of environmental and economic aspects of the sector-- financial, organizational, and political. This indicator looks at the capabilities of civil society organizations active in forest tenure issues.	<i>Diagnostic question:</i> To what extent do civil society organizations have the capacity to effectively engage on issues regarding forest tenure? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• Expertise in forest tenure issues, evidenced by existing work and/or publications on these issues</li> <li>• Ability to provide support for vulnerable groups (i.e. poor &amp; women) and grassroots links</li> <li>• Access to current and updated information about tenure issues (e.g. changes in laws, etc)</li> <li>• Credibility with a wide range of stakeholders</li> <li>• Effective networking amongst CSOs</li> <li>• Evidence of participation in or monitoring of the forest tenure process</li> </ul>	Capacity
<b>2. Representation of indigenous and other customary institutions within civil society</b> Millions of indigenous and other local people are highly dependent upon forest resources for their livelihoods. In many countries, however, their traditional land and resource claims are not recognized, resulting in tenure insecurity and marginalization of their rights by the government and private interests. Civil society organizations can play a significant role in advocating for greater recognition of indigenous and community forest tenure and protect these groups from further marginalization.	<i>Diagnostic question:</i> To what extent are indigenous and other customary institutions represented within civil society? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• At least 1 to 2 civil society groups exist that represent the concerns of customary and indigenous groups</li> <li>• Groups are recognized by stakeholders as legitimate representatives of indigenous and other customary groups</li> <li>• Evidence that groups network and exchange information with their constituency</li> <li>• Opportunities for communication with government</li> <li>• Access to knowledge enhancement on relevant issues</li> </ul>	Capacity Participation
<b>LAND AND FOREST AGENCIES</b>		

<sup>1</sup> a “bundle of rights” associated with forest land and resources, which defines the relationship (either legally or customarily) among people with respect to forests

Indicator	Elements of Quality	Governance Principles
<p><b>3. Capacity to administer and monitor forest tenure</b></p> <p>Forest tenure laws and policies are implemented through administrative procedures to allocate, transfer, document and delimit the boundaries of forest land and use rights on both private and public lands. These processes may be carried out by one or several agencies within the land and/or forest sectors depending on the types of rights involved (e.g. private land ownership rights, commercial resource extraction rights, community use/access rights, etc). These agencies are also responsible for monitoring and recording information about rights, which typically involves large amounts of both descriptive and spatial data.</p> <p>This indicator should be applied to each of the relevant agencies in a country. In countries where private ownership of forest land is common (e.g. Brazil), the land agency is likely important. In countries where most forest land is government-owned and tenure rights are limited to use and access rights in public forests, the forest agency is likely the key actor.</p>	<p><i>Diagnostic question:</i> To what extent do government agencies have the capacity to effectively implement forest tenure laws and policies?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Adequate expertise in forest tenure issues (expertise may come from internal staff or external sources)</li> <li>• Adequate staff capacity to provide administrative services (e.g. registration, titling, etc) to forest users in a timely manner</li> <li>• Access to adequate technological resources to monitor and manage information about forest tenure</li> <li>• Effective mechanisms to exchange information between agencies in the land sector and the forest sector</li> <li>• Effective mechanisms to gather and consolidate information from sub-national governments</li> </ul>	Capacity Coordination
<p><b>4. Capacity to negotiate and design forest contracts</b></p> <p>Governments use “resource utilization contracts” to grant harvesting or use rights to a specific party. These may include the right to utilize or exploit forest resources for timber or non-timber forest products, as well as to use forests for other purposes such as hunting, watershed use, recreation or ecotourism. Governments may also award “procurement contracts” to enter into agreements with parties to provide goods or services for the management and administration of public forests. These services might include forest inventories, forest management activities, tree planting, fire protection, etc. Resource utilization and procurement contracts need not be mutually exclusive.</p> <p>Generally speaking, contracts define the rights, duties and responsibilities of the involved parties. The forest agency is typically the authority responsible for designing and negotiating forest contracts. Carrying out these responsibilities effectively requires specific expertise in contract design and negotiation tactics.</p>	<p><i>Diagnostic question:</i> To what extent does the forest agency have adequate capacity to design and negotiate forest contracts</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Consideration of forest policy objectives in designing and awarding contracts</li> <li>• Expertise in contract design and writing</li> <li>• Capacity to carry out a competitive contract award process</li> <li>• Expertise in negotiation tactics</li> </ul>	Capacity
<b>DISPUTE RESOLUTION MECHANISMS</b>		

Indicator	Elements of Quality	Governance Principles
<p><b>5. Capacity to resolve forest tenure disputes</b></p> <p>Mechanisms for resolving disputes over forest land and resource use may be both general and land specific. They include formal (judicial) systems, alternative systems (administrative, arbitration, mediation, etc) and customary systems. The effectiveness of these systems is critical to ensure that rights are protected and the holders of rights feel secure, especially for marginal groups.</p>	<p><i>Diagnostic question:</i> To what extent do judges, arbitrators, and other decision-makers have the capacity to effectively resolve disputes relating to forest tenure?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Existence of alternative systems with necessary legal authority for settling forest tenure disputes outside of the judicial system</li> <li>• Access to professional training and sensitization on forest tenure issues within the judicial system OR existence of specialized judicial bodies to resolve forest tenure disputes</li> <li>• Access to relevant information (e.g. evidence) necessary to make informed decisions</li> <li>• Adequate financial and staff resources</li> </ul>	<p>Capacity</p>



# RULES

Indicator	Elements of Quality	Governance Principles
<b>LEGAL FRAMEWORK FOR FOREST TENURE</b>		
<p><b>6. Recognition of multiple types of forest tenure for communities and indigenous peoples</b></p> <p>Forest tenure involves a “bundle of rights” that includes the rights to access, withdraw, and manage land and resources and exclude others from these activities. Full “ownership” of forest land typically bestows this entire bundle of rights upon the owner. It is also possible for an individual or group to possess limited rights to manage or use forest resources on land they do not own, although these rights are secondary to ownership in terms of legal authority.</p> <p>Roughly 14% of the world’s forests are privately owned. Of this, the majority is owned by individuals or firms and a smaller portion is collectively owned by indigenous or other community groups. In the case of collective ownership, the community typically reserves the right to define their own internal rules and procedures for tenure administration. The amount of forest under collective ownership is growing; however, many countries still do not recognize collective ownership by communities.</p> <p>The remaining 86% of the world’s forests are publicly owned by governments. These governments may bestow specific forest use or management rights to individuals, companies or communities in the form of concessions, licenses, permits or other contracts, which are typically defined in spatial or temporal terms. In these cases, the government maintains ownership and can revoke the rights at any time. The level of rights granted to communities in public forests varies significantly between countries. It may include public forests administered by government with no use rights for communities (e.g. many protected areas), public forests that are jointly managed by the government and communities (e.g. “joint forest management), or public forests that are “reserved” for and largely managed by communities. In many cases communities living in or around public forests have no formal tenure, but since government administration is often weak, they continue to practice informal or customary tenure systems.</p>	<p><i>Diagnostic question:</i> To what extent does the law recognize a breadth of different forest tenure rights for indigenous and other forest dependent communities?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Recognition of indigenous rights over forest lands and/or resources that they have traditionally managed</li> <li>• Recognition of collective forest ownership by communities, and/or recognition of adequate forest use and management rights for communities living in or dependent upon public forests</li> <li>• Recognition customary tenure systems</li> <li>• Legal framework provides adequate space for communities to define their own internal rules for tenure administration and to develop their own mechanisms to monitor and sanction compliance with those rules</li> </ul>	<p>Accountability Participation</p>

Indicator	Elements of Quality	Governance Principles
<p><b>7. Legal support and protection of forest tenure</b></p> <p>Mere recognition of rights is not sufficient to provide tenure security - rights must also be supported and protected under the law. For example, legal frameworks that allow for the official manifestations of rights such as property surveys and titles (or other official documents) can improve tenure security. The law should also provide certainty that rights cannot be extinguished by the government without some form of due process and compensation. Protection against forced evictions is particularly important for communities without formal rights who are living in public forests. For example, laws may prohibit evictions that render individuals homeless and require all feasible alternatives to be explored prior to carrying out a forced eviction.</p>	<p><i>Diagnostic question:</i> To what extent does the legal framework adequately support and protect a variety of different types of forest tenure?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Rights over forest land and resources are legally clear and non-conflicting</li> <li>• Legal framework provides a way to register and document the rights of all forest users, whether those rights are individually or collectively held</li> <li>• Legal framework states that rights cannot be taken away or changed unilaterally and unfairly</li> <li>• Legal framework establishes transparent and fair procedures to govern circumstances where it is deemed appropriate for rights to be extinguished or diminished</li> <li>• Legal framework provides adequate protection against forced evictions, regardless of whether formal rights are held by the evictee</li> </ul>	Accountability
<p><b>8. Transparent rules governing the disposal and allocation of public forests</b></p> <p>Public forests are those owned by the government. They account for a large portion of public wealth in many countries, and should be managed transparently and in the best interest of society. The power to sell public lands or to allocate resource use or management rights in public forests is of significant economic and political importance and is a common source of corruption and state capture (for example illicit land swaps and corrupted concession arrangements). The regulatory framework defining how public forests can be sold and resource rights allocated, and for what reasons, must therefore promote transparency and accountability.</p>	<p><i>Diagnostic question:</i> To what extent are there clear rules governing the sale and allocation of property rights in public forests?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Existence of a clear legal statement that the public forest asset is held in trust for the people</li> <li>• Law clearly describes what can and cannot be done with public forests</li> <li>• Law defines transparent processes for selling public land, including a clear decision-making authority and an adequate system of checks and balances</li> <li>• Law defines transparent processes for allocating resource use or management rights in public forests, including a clear decision-making authority and an adequate system of checks and balances</li> <li>• Law requires public disclosure of all sales of public land and allocations of resource use or management rights in public forests</li> </ul>	Accountability

Indicator	Elements of Quality	Governance Principles
<p><b>9. Clear responsibilities and authority for forest tenure administration</b></p> <p>The administration of statutory forest tenure systems is the responsibility of the government, and typically involves activities such as adjudicating and registering tenure rights, documenting rights (i.e. providing titles), and surveying rights (i.e. maintaining a cadastre). Where full ownership rights are involved, these activities are generally undertaken by the land agency and may be decentralized. Where resource use and management rights in public forests are involved, these activities are generally undertaken by a forest agency. Further, customary or other community tenure systems often involve internal administration processes, undertaken by a local authority. The law should establish clear mandates for these various actors, including adequate and non-conflicting responsibilities and authority.</p>	<p><i>Diagnostic question:</i> To what extent do laws and policies define clear responsibilities and authority for the various actors responsible for forest tenure administration?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Clear and non-conflicting mandate for the forest agency vis-à-vis the land agency</li> <li>• Clear and non-conflicting mandate for customary/community authorities vis-à-vis local government authorities</li> <li>• Mandates for forest tenure administration are manageable based on capacities of actors involved</li> </ul>	<p>Accountability Coordination</p>
<b>LAW/POLICY PROCESSES</b>		
<p><b>10. Coordination of tenure laws and policies with forest management objectives</b></p> <p>Land tenure laws and policies are typically not specific to the forest sector, but may have significant repercussions on forests and the livelihoods of forest-dependent communities. For example, land laws that grant ownership rights to those who clear land create perverse incentives for deforestation. The process by which land tenure laws and policies are developed, from the land agency to the legislature, should be participatory and considerate of forest-related issues in order to improve the overall coherence of land law with forest sector plans and objectives.</p> <p>To implement this indicator, pick one or two recent land tenure laws and policies as a case study.</p>	<p><i>Diagnostic question:</i> To what extent do land tenure laws and policies take into consideration forest management objectives?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Evidence that efforts were made to determine how proposed land tenure laws and policies will impact forests and forest communities (e.g. decision-makers consult relevant experts, conduct impact analysis, etc)</li> <li>• Evidence that the land use plan was considered when drafting land tenure laws and policies</li> <li>• Meaningful public participation in the policy/law formulation process, including participation of forest stakeholders</li> <li>• Legislative debate on land tenure laws and policies included speakers with forest expertise</li> <li>• Media coverage on the impacts of land tenure laws and policies on forests and forest communities</li> </ul>	<p>Participation Coordination</p>

# PRACTICE

Indicator	Elements of Quality	Governance Principles
<b>FOREST TENURE ADMINISTRATION</b>		
<p><b>11. Transparent and accessible land administration services</b></p> <p>Land administration includes activities such as registering, surveying, and transferring individuals' and groups' rights over land, and is an important aspect of making tenure secure. These activities are typically responsibilities of the land agency, but may also involve the forest agency. They should be carried out in a predictable and transparent way and should be seen to be based on laws and regulations. Clear, enforceable and publicly known service standards (for example, how long a procedure should take and what results can be expected), can help improve the predictability of processes and maximize efficiency.</p> <p>Administrative services should also be widely accessible (in terms of time, cost and location). If services are too costly, time consuming, or physically distant, for example, the poor may be marginalized, thus encouraging informal land transactions with less tenure security. These services should be accessible across all types of tenure, including both individual and collective tenure.</p> <p>This indicator should be applied as a case study of one to two local land administration offices</p>	<p><i>Diagnostic question:</i> To what extent are land administration services effective, transparent and widely accessible?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Agencies providing administrative services advertise and practice clear service standards</li> <li>• Land administration services are available to all without discrimination</li> <li>• Land administration services are offered at times and places that are convenient for users</li> <li>• Land administration services are not prohibitively expensive or complicated</li> <li>• Land administration services are provided in a reasonable amount of time</li> </ul>	<p>Transparency Accountability Participation</p>
<p><b>12. Transparent and accessible administration of forest licenses and permits</b></p> <p>Forest licenses and permits cover a wide range of short- to long-term forest rights, including the right to harvest timber, fuel-wood, non-timber forest products, or to transport or process forest products. Although there is no formal distinction between licenses and permits, permits are usually non-exclusive and involve less formal administrative procedures than licenses. It is not uncommon for governments to use both licenses and permits for the same forests. For example, a company or community may hold a license to manage a particular area of forest for 25 years, but is still required to apply for permits for specific activities such as road building or timber harvesting.</p> <p>The forest agency is usually responsible for the administration of licenses and permits, which includes activities such as processing requests for and awarding licenses and permits. Administrative services should be widely accessible (in terms of time, cost and location) and available to all types of forest users.</p>	<p><i>Diagnostic question:</i> To what extent are administrative processes for awarding forest licenses and permits effective, transparent and widely accessible?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• The process of acquiring a license or permit is clear and transparent</li> <li>• All types of forest users can apply for licenses and permits without discrimination</li> <li>• Licenses and permits can be applied for at times and places that are convenient for users</li> <li>• The process for acquiring a license or permit is not prohibitively expensive or complicated</li> <li>• The process for acquiring a license or permit is reasonably expedient</li> <li>• Records of all awarded licenses and permits include relevant administrative information, including the name of the individual who processed and accepted the application</li> </ul>	<p>Transparency Accountability Participation</p>

Indicator	Elements of Quality	Governance Principles
<p><b>13. Competitive processes for awarding major forest contracts</b></p> <p>In awarding resource utilization or procurement contracts in public forests, governments have significant influence over forest use and management. Contract awards should contribute to the overarching goal of maximizing short-term revenue in the context of long-term sustainable forest management. Awarding contracts based on a competitive and transparent process can contribute to this goal by maximizing economic efficiency of production and reducing corruption risk. An common concern with regard to open bidding processes is the loss of competitive advantage due to public disclosure of information about winning contracts. The legitimacy of this concern should be carefully assessed in every situation and weighed against the benefits of using an open process. Whenever feasible, a competitive and open bidding process should be used.</p> <p>The following are examples of common processes for awarding contracts and involve varying levels of openness and competitiveness.</p> <p>--Auction: open process awarding the contract to the highest bidder, may be open bid or sealed bid auction</p> <p>--Competitive negotiation: potential contractors are contacted and invited to submit proposals. Less formal than competitive bidding and requires greater negotiating skills.</p> <p>--Auction-negotiation hybrid allocation: a combination of the above two systems</p> <p>--Direct negotiation: only one contractor is involved and negotiates the terms of the contract with the government</p> <p>This indicator should be applied to a recent contract award process of high financial significance</p>	<p><i>Diagnostic question:</i> To what extent are forest contracts awarded through a competitive and transparent process?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Calls for proposals were announced and advertised at an appropriate scale</li> <li>• Adequate information about the forest resources and contract that was being bid on was made available to potential contractors</li> <li>• Process by which the contract was to be allocated was clear and promoted transparency at all stages</li> <li>• Clear and rational criteria for selecting the winning contractor were advertised and adhered to</li> <li>• All bids received were disclosed publicly</li> <li>• Final contract awards are disclosed publicly</li> </ul>	<p>Transparency Accountability</p>

Indicator	Elements of Quality	Governance Principles
<p><b>14. Comprehensive design of forest contracts</b></p> <p>The terms and conditions of forest contracts are often complex and have significant impacts on how forests are used and managed. A well-designed forest contract is comprehensive and clear in order to promote compliance and effective resource management in line with stated objectives. Forest contracts typically involve seven major components:</p> <p>--Technical requirements: outlines the methods to be used and the desired inputs and required outputs (e.g. management plan, resource supply planning, development plan, environmental protection, monitoring)</p> <p>--Development requirements: stipulation of economic development investment, employment and sustainability conditions (e.g. investment and employment requirements, financing local operations, social and environmental impact assessments)</p> <p>--Administrative requirements: obligations and details of the process for reviewing plans and procedures for reporting, supervision, monitoring, enforcement and monitoring (e.g. obtaining approval for technical plans, rights of inspecting, annual auditing requirements)</p> <p>--Legal requirements: legal provisions governing the contract, dispute settlements and termination (e.g. boundaries of the concession, property rights granted, liability and indemnity)</p> <p>--Risk and financial requirements: financial obligations of parties (e.g. contract prices and fees, damage deposits, stumpage and other forest fees)</p> <p>--interpretative requirements: definitions to aid interpretation of the contract</p> <p>This indicator should be applied to the same case study as indicator 13.</p>	<p><i>Diagnostic question:</i> To what extent are forest utilization contracts designed in a way that is comprehensive?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Contract contains a clear statement of the spatial boundaries of the contract as well as the specific property rights granted</li> <li>• Contract clearly describes the performance requirements, indicators and standards that make up the obligations and responsibilities of the contracting parties</li> <li>• Contract clearly describes the administrative procedures for reporting and for supervision, monitoring and enforcement</li> <li>• Contract contains adequate requirements for social and environmental impact assessment</li> <li>• Contract contains adequate requirements for environmental and social safeguard measures</li> <li>• Contract clearly defines the conditions for contract termination</li> </ul>	<p>Accountability</p>
<b>FOREST TENURE MONITORING</b>		
<p><b>15. Comprehensive and accurate information about forest tenure</b></p> <p>Collecting and maintaining comprehensive and accurate information about the nature and spatial extent of tenure rights in forests is an important responsibility of the government, although there is a growing trend for the government to outsource information collection and management activities to private companies. This indicator can be applied to either arrangement.</p> <p>The main types of relevant information include who possess rights and what those rights are (e.g. a register) and the spatial extent of those rights (e.g. a cadastre). With regard to forests, these might include private and collective land ownership rights, and rights of individuals, communities, or private companies to utilize or manage forest resources on public lands through contracts (e.g. permits, licenses, concessions, etc).</p>	<p><i>Diagnostic question:</i> To what extent is accurate and comprehensive information about forest tenure being produced and effectively managed?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Comprehensive and accurate technical information about both private and public forest ownership (e.g. a register) is maintained in a central database</li> <li>• Comprehensive and accurate spatial information about both private and public forest ownership (e.g. a cadastre) is maintained in a central database</li> <li>• Comprehensive and accurate spatial and technical information about large-scale forest contracts awarded on public lands (e.g. concessions, leases, some licenses) is maintained in a central database</li> <li>• Comprehensive and accurate spatial and technical information about permits and licenses awarded on both public and private lands is maintained in a central database</li> </ul>	<p>Transparency</p>

Indicator	Elements of Quality	Governance Principles
<p><b>16. Public access to information about forest tenure</b></p> <p>Making information about forest tenure accessible to the public is critical for ensuring tenure security. The main types of relevant information include who possess rights and what those rights are (e.g. a register) and the spatial extent of those rights (e.g. a cadastre). With regard to forests, these might include private and collective land ownership rights, and rights of individuals, communities, or private companies to utilize or manage forest resources on public lands.</p>	<p><i>Diagnostic question:</i> To what extent is forest tenure information widely accessible to the public?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Information available to the public is comprehensive of the various types of information outline in indicator 15</li> <li>• Information is accessible to the public in local offices as well as a centralized location</li> <li>• Public requests for information are met in a timely fashion</li> <li>• Information is available free of charge</li> <li>• Information is available in relevant languages</li> <li>• Information is available in useful formats (e.g. maps, etc)</li> </ul>	<p>Transparency</p>
<b>COMMUNITY FOREST TENURE</b>		
<p><b>17. Recognition and resolution of community forest tenure claims</b></p> <p>Communities living in and around public forests often have existing claims to land and resources that have not been formally acknowledged by the government. These communities typically practice customary or informal tenure systems. At some point, the government may decide to formalize existing or establish new property rights in these areas. This may include selling the land, awarding a contract for resource utilization or forest management to a company or particular community, or establishing a protected area. In order to avoid conflicts over land and resource use, pre-existing claims should be recognized and resolved prior to establishing new or formalizing existing tenure rights.</p> <p>This indicator should be applied as a case study of a recent instance where forest tenure rights were formalized in an area where forest-dependent communities were present.</p>	<p><i>Diagnostic question:</i> To what extent are the land claims and resource use rights of local communities and indigenous peoples recognized and resolved as a part of any process to regularize existing or establish new property rights in public forests?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• All pre-existing land claims and resource use rights of local communities are identified in the area under question before initiating any action</li> <li>• Local communities are consulted as a part of the decision-making process</li> <li>• Local communities have access to all relevant information necessary to understand the situation and participate effectively</li> <li>• Local communities have the internal capacity and/or external support to effectively engage and negotiate with external parties</li> <li>• Local communities have access to adequate mechanisms of redress if they feel that their existing land claims and resource use rights were not adequately addressed</li> </ul>	<p>Participation Accountability Transparency</p>

Indicator	Elements of Quality	Governance Principles
<p><b>18. Participatory mapping of community forest tenure</b></p> <p>Participatory mapping is a way for communities to raise their own awareness about the status and value of their resources and to make this information known to outsiders. It can also build community consensus on organizing to defend their tenure claims. Community maps may strengthen community negotiations regarding tenure rights deals with government agencies and private firms.</p> <p>This indicator should be applied as a case study to a recent community mapping project.</p>	<p><i>Diagnostic question:</i> To what extent is there meaningful community participation in mapping of community-owned lands?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Communities have access to external support to assist the community mapping process</li> <li>• Map is generated through a broadly participatory process</li> <li>• Map is perceived to be legitimate by the community</li> <li>• Map is perceived to be legitimate by the government</li> <li>• Evidence that community maps have been utilized by the government for local land use planning decisions</li> </ul>	Participation
<b>DISPUTE RESOLUTION</b>		
<p><b>19. Accessible and effective dispute resolution</b></p> <p>All people should have access to dispute resolution systems without discrimination or bias. The ability to defend property rights through fast and low-cost processes is a key part of ensuring tenure security. Relevant processes of the system include hearing conflicts, delivering rulings, processing appeals, and ensuring compliance with rulings.</p> <p>This indicator should be applied as a case study in a particular region or district.</p>	<p><i>Diagnostic question:</i> To what extent are effective mechanisms in place to resolve disputes over forest tenure in timely and efficient manner?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Dispute resolution mechanisms exist to address disputes at all levels</li> <li>• Dispute resolution mechanisms are available at times and places that are convenient for users</li> <li>• The costs of using these mechanisms are not prohibitive</li> <li>• Legal services and other support are available for the poor</li> <li>• Rulings are delivered in a timely fashion</li> <li>• Appeals are processed in a timely fashion</li> </ul>	Accountability



# Land Use Planning<sup>1</sup> Indicators

## ACTORS

Indicator	Elements of Quality	Governance Principles
<b>LAND USE PLANNING AGENCIES</b>		
<b>1. Capacity to conduct land use planning</b> Land use planning is an intensive process that requires expertise in environmental, social and economic issues in order to identify and resolve conflicts between competing land uses, between the needs of individuals and of the community, and between the needs of present and future generations. The process should be iterative and continuous, which requires continual access to adequate technology for producing timely and reliable analysis of changing social, economic or other conditions. Land use planning can be conducted at the national, regional or local level. The indicator can be applied to an agency conducting land use planning at any of these levels.	<i>Diagnostic question:</i> To what extent do agencies have the capacity to conduct land use planning activities? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• Access to interdisciplinary staff with knowledge or experience in land use planning policies, either internally or externally</li> <li>• Staff opportunities for knowledge enhancement on relevant issues</li> <li>• Access to adequate tools of information technology</li> <li>• Ability to use and maintain information technology</li> <li>• Access to adequate and sustainable financial resources</li> </ul>	Capacity
<b>2. Access to relevant information for land use planning</b> Land use planning requires reliable information about the socio-economic and environmental characteristics of the targeted territory. Very frequently, such data is produced by different institutions, including governmental agencies, NGOs and the Academia at national and international levels. Thus, the agency leading the planning process must have the ability to interact with all these actors to gather the best available information.	<i>Diagnostic question:</i> To what extent do land use planning agencies have access to relevant information necessary for effective and informed land use planning? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• Staff is aware of the relevant institutions that produce information required for effective land use planning</li> <li>• Staff is working in cooperation with institutions that produce information required for land use planning</li> <li>• Staff has the capacity to interpret and analyze relevant information and data</li> </ul>	Capacity Coordination

<sup>1</sup> “Land use planning is the systematic assessment of land and water potential, alternatives for land use and economic and social conditions in order to select and adopt the best land-use options. Its purpose is to select and put into practice those land uses that will best meet the needs of the people while safeguarding resources for the future.” (FAO, 1993: “guidelines for land-use planning”)

Indicator	Elements of Quality	Governance Principles
<p><b>3. Institutional coordination for land use planning</b>  The national land use planning process is usually led by one governmental institution, but should involve the participation of different agencies across many sectors. Further, land use planning also happens at the sub-national level, involving district and local actors. All these governmental actors must act in a coordinated fashion to ensure consistency and efficiency in land use planning across all levels</p>	<p><i>Diagnostic question:</i> To what extent is there effective coordination between the various agencies that play a role in the land use planning process?  <i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Concrete mechanisms to support and encourage coordination</li> <li>• Clearly defined lines of communication</li> <li>• Effective mechanisms for sharing information</li> <li>• Timely response to other agencies or internal demands in the planning process</li> </ul>	<p>Coordination</p>
<p><b>4. Independence of land use planning agencies</b>  The land use planning process has impacts on powerful interest groups and stakeholders, which raises the risk that some of these groups may unduly influence the agency's staff. Staffing policies and codes of behavior can prevent the capture of institutions, thus safeguarding the independence of land agencies. In some countries, staffing policies may be common for all government servants.</p>	<p><i>Diagnostic question:</i> To what extent do human resource policies promote the independence of staff within agencies that conduct land use planning?  <i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• clear criteria for hiring and promotion</li> <li>• predictable tenure with clear procedure for removal before end of term</li> <li>• requirements for disclosure of interests</li> <li>• conflict of interest rules</li> <li>• adequate and transparent salaries</li> <li>• clear codes of behavior for staff</li> </ul>	<p>Accountability</p>
<p><b>CIVIL SOCIETY</b></p>		
<p><b>5. Capacity to influence land use planning processes</b>  Civil society organizations (CSOs) can play a critical role in the land use planning process. They can contribute by providing useful information to governmental agencies, demanding transparency of the process and providing independent oversight to reduce corruption.  However, to play this role effectively, civil society organizations must have the necessary capabilities to engage: technical --including an understanding of environmental and economic aspects of the sector-- financial, organizational, and political. This indicator should be applied to civil society organizations active in land use planning issues.</p>	<p><i>Diagnostic question:</i> To what extent do civil society organizations have the capacity to work on and influence land use planning processes?  <i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Expertise in areas related to land use planning, particularly with regards to forests</li> <li>• Credibility of civil society organizations working on land use planning issues</li> <li>• Existing publications on topics useful for land use planning</li> <li>• Existing financial support for producing information for land use planning</li> <li>• Participation in or monitoring of the land use planning process</li> <li>• Independence for publishing results of studies and analyses</li> </ul>	<p>Capacity Accountability</p>

Indicator	Elements of Quality	Governance Principles
<p><b>6. Representation of grassroots interests and marginalized groups</b></p> <p>CSOs can assure that all interest groups are heard in the planning process, especially the less favored ones. To do so, they must have direct contact with these more vulnerable groups, provide support for the participation of such groups in the land use planning discussions and update them about the planning process progress.</p>	<p><i>Diagnostic question:</i> to what extent to civil society organizations represent grassroots interests and vulnerable groups in the land use planning process?</p> <ul style="list-style-type: none"> <li>• Existing mechanisms for communicating with grassroots and vulnerable groups in the targeted area</li> <li>• Existing funding to support activities to raise awareness of such groups about the land use planning process</li> <li>• CSO provide relevant information to such groups throughout the land use planning process</li> <li>• Grassroots and vulnerable groups recognize CSO as legitimate representatives of their interests</li> </ul>	<p>Capacity Participation</p>
<p><b>ACADEMIC AND SCIENTIFIC INSTITUTIONS</b></p>		
<p><b>7. Capacity to engage in land use planning</b></p> <p>Academic and scientific institutions can contribute to the land use planning process by producing and providing information to guide decision-making and then assessing the social and environmental impacts of those decisions. To play this role, they need to have a background in working with issues relevant to the land use planning process, be able to follow the process in a timely fashion and to be a credible reference to society. This indicator looks at the capabilities of academic and scientific institutions that work with issues related to land use planning processes.</p>	<p><i>Diagnostic question:</i> To what extent do academic and scientific institutions have the capacity to engage effectively in land use planning processes?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Expertise in areas related to land use planning</li> <li>• Credibility in the scientific community</li> <li>• Existing publications on topics useful for land use planning</li> <li>• Existing publications on cross-sectoral impacts on forests</li> <li>• Existing financial support for producing information for land use planning</li> <li>• Ability to participate or monitor the land use planning process</li> <li>• Independence for publishing results of studies and analyses</li> </ul>	<p>Capacity</p>

# RULES

Indicator	Elements of Quality	Governance Principles
<b>LEGAL/POLICY FRAMEWORK FOR LAND USE PLANNING</b>		
<b>8. Laws support participatory processes for land use planning</b> Governments can be reluctant to open the land use planning process to public participation. Thus, the legal recognition of these procedural rights is an important step to a more participatory and effective land use planning process.	<i>Diagnostic question:</i> To what extent does the law encourage diverse and meaningful participation in land use planning processes? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• Laws require public participation in the land use planning process</li> <li>• Laws define a clear process for public participation in all stages of the land use planning process</li> <li>• Laws require public disclosure of how public input was reflected into the final land use plan</li> </ul>	Accountability Transparency Participation
<b>9. Forest laws and policies require coordination with land use plans</b> Land use plans should act as a foundation for forest management planning in order to promote consistency and coherence in activities throughout the forest sector. Forest laws and policies should provide explicit linkages with relevant national, regional and local land use plans.	<i>Diagnostic question:</i> To what extent do forest laws and policies require coordination with land use plans? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• Forest laws and policies require compliance with land use plans at all levels in the use and management of forest resources</li> <li>• Forest laws and policies require compliance with land use plans in the allocation and conversion of forest land</li> <li>• Forest laws and policies dealing with forest land use planning use definitions and provisions that are consistent with those used for national land use planning</li> </ul>	Coordination
<b>10. Clear authority and responsibilities for land use planning</b> Land use planning processes may involve different agencies depending on the scale of the planning (e.g. national, district, local, sectoral). The law should establish clear and coherent authority and responsibilities for these various actors.	<i>Diagnostic question:</i> To what extent do laws and policies provide a clear authority and responsibilities for land use planning? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• Law defines what agencies are in charge of land use planning for different parts of the country's territory</li> <li>• Clear authority and responsibilities for subnational land use planning agencies vis-à-vis national land use planning agencies</li> <li>• Clear authority and responsibilities for forest land use planning agencies vis a vis national land use planning agencies</li> </ul>	Accountability Coordination

Indicator	Elements of Quality	Governance Principles
<b>11. Guidelines for land use planning</b> The rules governing the land use planning process should indicate basic requirements in order to promote more effective implementation and results. Such requirements include the integration of different planning at different scales, the use of essential information to inform the planning process, and mechanisms to promote transparency and accountability.	<p><i>Diagnostic question:</i> To what extent do laws and policies establish effective and efficient process for land use planning?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>Provisions require integration across the different scales (state/province/ micro-regions/zones) of land use planning</li> <li>Provisions require integration of different land use plans of neighbor states/provinces</li> <li>Provisions require the use of information regarding social, economic and environmental (physical/geographic/ecological) characteristics of the areas for land use planning</li> <li>Make use of modern technical know-how</li> <li>Make use of indigenous knowledge</li> </ul>	Accountability Coordination Transparency
<b>LAND USE PLANNING PROCESS</b>		
<b>12. Transparent process for land use planning</b> The lead agency for the land use planning process is responsible for recording all the official meeting decisions and documents that will be used in the decision-making process. The agency is also responsible for recording and disseminating information about rights, which typically involves large amounts of both descriptive and spatial data. This indicator should be applied as a case study of a recent land use planning process.	<p><i>Diagnostic question:-</i> To what extent does the public have access to information regarding the land use planning process?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>Breadth of documentation available</li> <li>Documentation is easily accessible by a range of stakeholders</li> <li>Documentation is available in a timely fashion</li> <li>Records of land use planning process are maintained</li> </ul>	Transparency
<b>13. Meaningful media coverage of land use planning</b> Media has a key role in disseminating information about the land use planning processes, and can assist the engagement a wide variety of actors in the participation and oversight of the process. This indicator should be applied as the same case study in indicator 13.	<p><i>Diagnostic question:</i> To what extent is there meaningful media coverage of policy/law and reform?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>Volume of coverage</li> <li>Quality of coverage</li> <li>Balance of coverage</li> </ul>	Transparency
<b>14. Clarity of process for public participation in land use planning</b> Rules on land use planning must be clear about the opportunities for public to take part and for feedback of such participation. This indicator should be applied as the same case study in indicator 13.	<p><i>Diagnostic question:</i> To what extent is there clarity of process for public participation in policy-making?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>Timely, broad and targeted distribution of information about process</li> <li>Clear time frame for input</li> <li>Accountability for input</li> <li>Clear time frame for decisions</li> </ul>	Transparency Accountability

Indicator	Elements of Quality	Governance Principles
<p><b>15. Meaningful public participation in land use planning</b></p> <p>Meaningful public participation in the land use planning process must include the main stakeholders affected by the land use decisions - including direct and indirect land users – and provide several opportunities for interaction of such groups with the agency in charge of the process. Moreover, the process must be inclusive of affected stakeholders throughout the various different stages of the process.</p> <p>This indicator should be applied as the same case study in indicator 13.</p>	<p><i>Diagnostic question:</i> To what extent is there effective public participation in policy-making?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Opportunity for debates among various interest groups</li> <li>• Participation of stakeholders affected by decisions on land use</li> <li>• Participation of local leaders and representatives;</li> <li>• Quantity of participation</li> <li>• Breadth of participation by different stakeholders</li> </ul>	<p>Participation Accountability</p>
<p><b>16. Quality of legislative debate on land use laws</b></p> <p>Land use laws, such as zoning regulations, must have adequate discussions by legislative members and such discussions should be reported and made available to the public.</p> <p>This case study indicator should be applied to recent zoning regulations relevant to the forest sector.</p>	<p><i>Diagnostic question:</i> To what extent is there a high quality of legislative debate on land use planning laws and policies?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Duration of debate</li> <li>• Attendance of members</li> <li>• Composition of speakers (experts)</li> <li>• Availability of transcripts</li> <li>• Outreach to public for comments before decisions</li> <li>• Response to public input</li> </ul>	<p>Capacity Transparency Accountability</p>

# PRACTICE

General description of the issue	Elements of Quality	Governance Principles
<b>IMPLEMENTATION OF LAND USE PLANS</b>		
<b>17. Quality and accessibility of information about land use plans</b> The public should have access to information contained within land use plans, and concerning the implementation of those plans. Information should be accessible to all without discrimination, even the illiterate. Access to information is necessary for civilians to challenge the fairness of land use planning decisions.	<i>Diagnostic question:</i> To what extent is accurate and comprehensive information about land use plans and their implementation available to the public? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• Information is comprehensive</li> <li>• Information is available in an adequate scale (geographic)</li> <li>• Information is updated with an adequate periodicity</li> <li>• Information is available in relevant languages</li> <li>• Information is widely accessible</li> </ul>	Transparency
<b>18. Implementation of land use plans</b> The ultimate goal of the land use planning process is to have a mechanism to guide the creation and implementation of new rules/policies according to the characteristics of each area and the consensus of its inhabitants. Thus, the government must take measures to guarantee that the plan is taken into consideration during the creation of such new mechanisms and that previous regulations/policies will adapt to the planning guidelines.	<i>Diagnostic question:</i> To what extent has the government taken steps to implement the land use plan? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• Governmental policies implemented after the conclusion of land use planning do not conflict with the guidelines of the land use plan</li> <li>• Government has a comprehensive strategy for implementing the plan</li> <li>• Government allocates funding for implementing the plan</li> <li>• Governmental officers have started to take measures to implement the land use plan in a reasonable time after the plan's approval</li> <li>• Government has started to adapt previous and conflicting laws/policies to the land use plan in a reasonable time after the plan's approval</li> </ul>	Coordination Accountability
<b>19. Enforcement of land use plans</b> Land use plans often face resistance from groups who do not feel that their interests were adequately incorporated. The government must be able to identify and solve such cases to be consistent with the decisions made during the planning process that took public interest into consideration. This case study indicator should be applied to an example of a recent conflict or case of non-compliance with the land use plan.	<i>Diagnostic question:</i> To what extent have non-compliance cases been addressed? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• Conflicts are identified and recognized by the government</li> <li>• Groups in conflict have looked for mechanisms for conflict resolution</li> <li>• Decisions are made in an expedient manner</li> <li>• Opposing groups consider the decisions as legitimate</li> </ul>	Transparency Accountability Capacity
<b>MONITORING COMPLIANCE WITH LAND USE PLANS</b>		

General description of the issue	Elements of Quality	Governance Principles
<p><b>20. Access to information about compliance with the land use plan</b>  Implementation of the land use plan must be monitored to engage stakeholders in its implementation and to avoid risks of non-compliance. Monitoring results should widely accessible to the public.</p>	<p><i>Diagnostic question:</i> To what extent is information concerning compliance with the land use plan available and publicly accessible?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Agencies publish periodic reports about compliance with land use plans</li> <li>• Civil society makes periodic assessments of compliance with land use plans</li> <li>• Media makes coverage of issues regarding compliance with land use plans</li> <li>• Reports are available in relevant languages</li> </ul>	<p>Accountability Transparency</p>



# Forest Management Indicators

## ACTORS

Indicator	Elements of Quality	Governance Principles
<b>FOREST MANAGEMENT AGENCIES</b>		
<b>1. Expertise of forest management agencies</b> We define “forest management agencies” as the various public institutions responsible for undertaking at least one task related to the administration and implementation of rules relating to forest management. In order to achieve national objectives for forest management, agencies need to have the capacities, and particularly relevant expertise, to effectively execute their responsibilities. This indicator should be applied once for each of the relevant agencies.	<i>Diagnostic question:</i> To what extent do forest management agencies have the relevant expertise necessary to effectively implement forest laws and policies? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• Distribution of different specialists (forest, agronomy, biology, sociology...) related to the role of each agencies</li> <li>• Staff have access to specific trainings linked with their professional activities</li> <li>• Adequate salaries (comparing to the professional market) to attract staff with needed expertise</li> <li>• Expertise criteria integrated into standards for hiring and promotion</li> </ul>	Capacity
<b>2. Independence of forest management agencies</b> Forest corruption is inherently difficult to assess due to its clandestine nature. Corruption can take many different shapes (e.g. favoritism, patronage, bribes, kick-backs) and the impacts are significant: destruction of forests, loss of public revenues, and loss of forest access for local people. Staffing policies and codes of behavior can prevent the capture of institutions, thus safeguarding the independence of forest management agencies. This indicator should be applied once for each of the relevant agencies.	<i>Diagnostic question:</i> To what extent do staffing policies of forest management agencies effectively promote independence and prevent corruption? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• Clear criteria and transparent procedures for hiring and promotion, especially in the appointment of high officials</li> <li>• Requirement of disclosure of interests (conflict of interest rules)</li> <li>• Transparency of salaries</li> <li>• Clear code of behavior for staff</li> <li>• Transparent procedures for public tender</li> </ul>	Accountability Transparency
<b>3. Performance monitoring of forest management agencies</b> The accountability of forest management agencies can be enhanced through regular performance monitoring, which should result in follow up actions to improve future performance. This indicator should be applied once for each of the relevant agencies.	<i>Diagnostic question:</i> To what extent do forest management agencies effectively monitor their own performance? <i>Elements of quality:</i> <ul style="list-style-type: none"> <li>• Monitoring functions are independent from day-to-day management activities</li> <li>• Monitoring is regular and timely</li> <li>• Monitoring is based on a broad range of criteria and indicators of performance</li> <li>• Monitoring is complemented by independent audits of performance</li> <li>• Evidence that corrective measures have been taken to address identified problems</li> <li>• Performance reports are widely accessible to the public</li> </ul>	Accountability Transparency

Indicator	Elements of Quality	Governance Principles
<b>LAW ENFORCEMENT BODIES</b>		
<p><b>4. Capacity of law enforcement agencies</b></p> <p>Illegal activities are one of the biggest threats to sustainable forest management. Generally speaking, enforcement agencies are those empowered to enforce the various legal instruments governing the forest sector. Depending on the type of law involved, enforcement may be carried out by the staff of government administrative agencies (such as the forest agency), the police, military, communities or even private companies or civil society organizations under government contract. The remoteness of many forested areas creates significant challenges for enforcement.</p> <p>This indicator should be applied once for each relevant law enforcement agency.</p>	<p><i>Diagnostic question:</i> To what extent do enforcement agencies have adequate capacity to detect and address forest crime?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Adequate and sustainable financial and technical resources</li> <li>• Adequate number of staff assigned to forest crime detection</li> <li>• Adequate monitoring and supervision of field staff</li> <li>• Training of staff on the forest regulatory framework</li> <li>• Training of staff on techniques for effective monitoring and reporting of illegal activities</li> </ul>	Capacity
<p><b>5. Capacity of the judiciary to prosecute forest crime</b></p> <p>Judiciary agencies are responsible for interpreting forest laws and regulations for the prosecution of accused offenders, sentencing those found guilty in criminal law cases, and settling claims in civil law cases. Key actors in the judicial system include court officials such as judges, government lawyers, clerks, bailiffs, juries and associated staff. In practice judicial efforts to prosecute forest law violators are often slow and incomplete, putting at risk the whole forest management system. Thus a critical element of effective enforcement is adequate capacity of the judiciary to make timely and informed rulings</p>	<p><i>Diagnostic question:</i> To what extent do the judiciary agencies have the capacity to prosecute forest crimes?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Judges have access to training on environmental and forest issues and/or existence of specialized judicial bodies to address forest crime</li> <li>• Judges have access to relevant forest monitoring information</li> <li>• Courts have access to adequate and sustainable financial, human and technical resources</li> </ul>	Capacity
<b>CIVIL SOCIETY</b>		
<p><b>6. Capacity of civil society to engage on forest management and monitoring</b></p> <p>Civil society organizations have an important role in representing public concerns and interests. To play this role effectively, civil society organizations must have the necessary capacities to engage: technical -- including an understanding of environmental and economic aspects of the sector-- financial, organizational, and political. This indicator looks at the capacities of civil society organizations to influence forest management decisions and support forest monitoring and law enforcement efforts.</p>	<p><i>Diagnostic question:</i> To what extent do civil society organizations have the capacity to play an active role in decision-making, monitoring and enforcement regarding forest management?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Expertise in forest management and monitoring issues, evidenced by the breadth and quality of research and analysis on these issues</li> <li>• Evidence that CSOs regularly engage and influence decision-makers in law &amp; regulation drafting</li> <li>• Evidence that CSOs provide support for marginalized groups and grassroots links</li> <li>• Access to adequate and sustainable financial, technical and human resources</li> <li>• Access to ongoing knowledge enhancement opportunities</li> <li>• Effective networking and coordination amongst CSOs</li> </ul>	Capacity

# RULES

Indicator	Elements of Quality	Governance Principles
<b>LEGAL/POLICY FRAMEWORK FOR FOREST MANAGEMENT</b>		
<p><b>7. Forest legal and policy framework establish clear objectives to guide forest management</b></p> <p>A sound policy and legal framework outlines clear priorities and objectives to guide forest management into the future, which are responsive to public interests. These objectives serve as a basis for forest legislation and regulations, and should strike a balance between the economic, social and environmental values of forests and describe how benefits are to be shared among various actors and the public. They should also promote synergies with larger national development strategies, such as those relating to poverty reduction and climate change mitigation.</p>	<p><i>Diagnostic question:</i> To what extent do forest policies and laws establish clear, long-term priorities and objectives to guide forest management?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Legal/policy framework recognizes the long-term public and intergenerational interests in and importance of forests</li> <li>• Legal/policy framework is aligned with national development strategies, policies and laws, including poverty reduction strategies</li> <li>• Legal/policy framework creates mechanisms and processes for effective public participation in forest management</li> <li>• Legal/policy framework sets clear objectives for the sustainable exploitation of forest resources</li> <li>• Legal/policy framework sets clear objectives for forest protection and conservation, including biodiversity protection</li> </ul>	Accountability, Coordination
<p><b>8. Clear and consistent legal framework</b></p> <p>Forest laws spell out the operational rules of forest management and define institutional powers and responsibilities for forest management. They also set the bounds of acceptable behavior and define punishment when those bounds are crossed.</p> <p>Forest laws should be written clearly and should be consistent within and amongst themselves in order to promote efficiency and compliance and reduce the need for discretion in their interpretation. Unclear and conflicting forest legislation may result from poor law writing, lack of consideration of existing laws when creating new or reforming laws, or lack of a coherent overarching policy framework to guide the creation of laws, among other factors.</p> <p>To implement this indicator, pick two to three key laws that affect forests in your country, and then apply these elements of quality to each of them.</p>	<p><i>Diagnostic question:</i> To what extent are forest laws clear and consistent within and among themselves?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Laws are seen to be based on a sound and coherent policy framework</li> <li>• Laws are not overly complex, i.e. they do not exceed what is necessary to achieve reasonable and legitimate objectives</li> <li>• Laws are clear and unambiguous, minimizing the need for discretion in interpretation</li> <li>• Other forest laws are consistent and non-conflicting with the case study laws</li> </ul>	Accountability Transparency

Indicator	Elements of Quality	Governance Principles
<p><b>9. Comprehensive legal framework for forest management and conversion</b></p> <p>Forest laws and regulations govern the use, management and conversion of forests – both public and private. Laws and regulations should recognize and regulate the multiple roles and benefits of forests in a balanced way, including economic, environmental and social values. Requirements for forest inventories, management planning, and environmental and social impact analysis are examples of typical tools used to manage forest resources towards these different values.</p>	<p><i>Diagnostic question:</i> To what extent is there a comprehensive legal framework for forest management, use and conversion that regulates the multiple benefits and users of forests in a balanced way?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Inventory requirements in public forests</li> <li>• Management planning requirements in public forests, which are differentiated based on the capacity of different actors to comply</li> <li>• Required measures to protect ecosystem services, biodiversity, and fragile and uncommon ecosystems in commercial forest management plans from commercial actors.</li> <li>• Environmental standards for private forest management</li> <li>• Controls on logging in both public and private forests, according to the principle of maximum sustainable yield</li> <li>• Controls on conversion in both public and private forests, including environmental impact assessment and mitigation</li> </ul>	Accountability
<p><b>10. Comprehensive legal framework for biodiversity protection</b></p> <p>It is important that forest legislation recognizes the multiple roles and benefits of forests, including for ecological values, although in many cases environmental/ biodiversity considerations are overlooked.</p> <p>When biodiversity is safeguarded in a legal context, species, genes and ecosystems underlying biodiversity are also the targets of legal protection. In order to fulfill the safeguarding aim in legislation, legally relevant ecological facts are described in regulations as legal facts. The safeguard objective can be expressed in terms of 1) conservation; 2) sustainable use and 3) non-degradation of biodiversity and its component parts.</p>	<p><i>Diagnostic question:</i> To what extent do forest laws comprehensively promote the environmental values of forests?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Laws contain provisions for the protection of large intact forest areas</li> <li>• Laws outline protection measures that reflect the real threats to flora and fauna species</li> <li>• Laws contain provisions for the protection of endangered wood species</li> <li>• Laws control the market and trade of endangered species</li> <li>• Laws provide clear definitions that distinguish plantations and forests</li> <li>• Laws contain clear regulations regarding the planting of invasive species</li> <li>• Laws define clear penalties for non-compliance with environmental considerations</li> </ul>	Accountability
<p><b>11. Clear and comprehensive policies to reduce deforestation and degradation</b></p> <p>Deforestation and forest degradation are complex processes that require strong political will, as well as effective planning and capacity for implementation. A structured policy is needed with clear objectives in order to contain deforestation and degradation.</p> <p>This indicator should be applied to the key national policy to reduce or contain deforestation and degradation, should such a plan exist.</p>	<p><i>Diagnostic question:</i> To what extent are policies to reduce or contain deforestation and forest degradation clear and comprehensive?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Plan is based on high quality information on deforestation and degradation</li> <li>• Plan address the main drivers of deforestation and degradation</li> <li>• Plan states clear objectives</li> <li>• Plan states how to achieve objectives</li> <li>• Plan is generally consistent with national capacity for implementation</li> <li>• Plan identifies a clear authority for its implementation</li> </ul>	Capacity Coordination

Indicator	Elements of Quality	Governance Principles
<p><b>12. Clear authority and responsibilities for forest management</b></p> <p>The practice of having a single forest department operating in relative isolation and having sole responsibility over forests is becoming less common. The range of issues and stakeholders involved in forest management has grown, and in most countries a number of different government actors contribute to or have an impact on various aspects of forest management. These may include forest agencies, environmental agencies more generally, as well as institutions from other sectors. Further, many countries practice some form of decentralization of forest management, whereby authority and responsibility are transferred from the central government to sub-national governments or civil society and private sector institutions.</p> <p>The legal mandates and powers of these different agencies should be clear and consistent amongst themselves with a clear hierarchy of authority in order to enable a coherent framework for forest management. In practice, however, mandates often contain overlapping responsibilities and gaps in authority resulting in an inefficient and ineffective forest management and cross-sectoral coordination of mandates is poor.</p>	<p><i>Diagnostic question:</i> To what extent does the country's legal framework effectively coordinate roles and responsibilities of actors that contribute to or impact on forest management?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Clear division of authority between national and sub-national government actors</li> <li>• Clear legal guidance concerning the relationship between government and local communities with regard to forest management</li> <li>• Clear legal guidance concerning the relationship between government and the private sector with regard to forest management</li> <li>• Existence of mechanisms and/or institutions with the mandate for coordinating the activities of various actors that contribute to or have an impact on forest management (including those outside the forest sector)</li> <li>• Clarity about who the ultimate decision-making authority is in the case of conflict between actors, and the process for conflict resolution</li> </ul>	<p>Accountability Coordination</p>
<b>LEGAL/POLICY FRAMEWORK FOR LAW ENFORCEMENT</b>		
<p><b>13. Clear authority and responsibilities for forest law enforcement</b></p> <p>Effective enforcement requires the various components of the enforcement system to work together efficiently, which requires clear and consistent mandates for these actors, backed up with adequate powers and authority under the law. The major components of a law enforcement system include:</p> <p>--legislative bodies, which enact and amend laws that legitimize enforcement powers. The conditions and clarity of legislation impacts the likelihood of compliance and the effectiveness of enforcement.</p> <p>--legal instruments, which define who has enforcement powers and establish the legal basis for sanctions and penalties</p> <p>--enforcement agencies, which are the organizations and persons empowered to enforce various legal instruments, and may include various actors such as government administrative agencies, the police, military, communities, or private companies or organizations contracted by the government.</p> <p>-- judicial agencies, which are responsible for interpreting forest laws and regulations for the prosecution of accused offenders and the sentencing of those found guilty.</p>	<p><i>Diagnostic question:</i> To what extent do forest laws establish clear mandates and adequate authority for forest law enforcement?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• The roles and responsibilities of enforcement agencies are clear and known to all relevant stakeholders</li> <li>• Forest officers are granted adequate power and authority under the law to effectively enforce laws</li> <li>• Laws establish clear procedures for collecting evidence and documentation on a specific incident as the basis for arrests, judicial proceedings, etc</li> <li>• Clear relationship of the judiciary to the rest of government</li> </ul>	<p>Accountability Coordination</p>

Indicator	Elements of Quality	Governance Principles
<p><b>14. Clearly defined forest-related offenses and penalties</b></p> <p>Offenses committed in forests may be described in a country's forest law as well as general criminal law. It is important that an offense is clearly defined by the law – ambiguity reduces the likelihood of compliance and also makes enforcement difficult. Lack of legal clarity also invites corrupt officials to interpret the law in their own interests.</p> <p>In addition to describing offenses, the law must establish adequate and appropriate corresponding penalties, whether monetary or other. A careful gradation of penalties can help ensure that they are suitable to the level and nature of the crime, considered reasonable by forest users and judges, yet also significant enough to represent a real cost and deterrent to potential offenders. Compensatory penalties are also an important type of punishment in forests. This may include paying the cost to repair damage (including environmental damage) or to conduct restoration.</p> <p>To apply this indicator select one to three examples of key forest-related offenses as a case study, and apply each element of quality.</p>	<p><i>Diagnostic question:</i> To what extent do forest laws clearly define forest-related offenses and appropriate corresponding penalties?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Legal framework is comprehensive of major types of forest crime</li> <li>• Legal framework for forest crime is clear and unambiguous, so as to minimize discretion in interpretation of what constitutes an offense</li> <li>• Legal framework prescribes penalties of various levels and types (e.g. monetary vs non-monetary) that are appropriate to the nature of the crime</li> <li>• Legal framework calls for restitution, reparation or restoration where appropriate</li> </ul>	Accountability
<b>LAW AND POLICY PROCESSES</b>		
<p><b>15. Coordination of policy- and law-making across sectors</b></p> <p>Policies and laws in other sectors of the economy can have significant impacts on forest management and may distort forest policies. They may include incentives for agricultural expansion, energy policies that increase dependence on fuelwood, settlement policies that assign property rights for clearing land, and macroeconomic policies that distort exchange rates or cause under-valuation. A better understanding of the linkages between different sectors and a coherent, multi-sector approach to policy and law making can reduce uncertainty and maximize synergies. Strong political will is required to facilitate better intersectoral coordination.</p> <p>To apply this indicator, pick one recent policy or law process from another sector that had potential direct or indirect impacts on forest management.</p>	<p><i>Diagnostic question:</i> To what extent are law- and policy-making processes coordinated across forest and non-forest sectors?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Forest sector stakeholders participate in the policy-making process</li> <li>• Forest sector decision-makers participate in the policy-making process</li> <li>• Forest sector stakeholders and decision-makers have access to information about cross-sectoral impacts on forests to facilitate their participation</li> <li>• Alternatives and/or safeguards are implemented in light of any potential negative impacts on forests</li> <li>• Provisions for regular monitoring and review are included in the policy or law</li> </ul>	Coordination Participation
<p><b>16. Policy and law-making based on high quality information</b></p> <p>New law or policy proposals should be based on accurate and relevant information about the existing legal and policy framework and the situation on the ground. Specifically, special attention should be paid to achieving coherence with the land use plan and other pertinent laws, as well as updated and scientific information.</p> <p>To apply this indicator, pick a recent policy or law process in the forest sector.</p>	<p><i>Diagnostic question:</i> To what extent are new law and policy proposals based on high quality information?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Decision-makers carry out an all encompassing review of existing forest policies and laws before drafting new ones</li> <li>• Decision-makers have access to current and accurate scientific and technical information about forests</li> <li>• Decision-makers consider links with the land use plan</li> <li>• Decision-makers carry out analyses on the potential impacts of new laws and policies on the livelihoods of vulnerable groups</li> <li>• Decision-makers engage local communities collect information on their views</li> </ul>	Accountability Transparency

Indicator	Elements of Quality	Governance Principles
<p><b>17. Public access to information on the basis and goals of policy and legal reform</b></p> <p>The public needs to have a wide access to comprehensive information on the basis and goals of policy and legal reforms to allow for meaningful and effective participation.</p> <p>To apply this indicator, use the same case study as indicator 16.</p>	<p><i>Diagnostic question:</i> To what extent is there public access to quality information on the basis and goals of policy and legal reform?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Breadth of credible documentation available</li> <li>• Documentation is easily accessible and understandable</li> <li>• Documentation is available in a timely fashion</li> <li>• Documentation is accessible by a range of stakeholders</li> <li>• Media coverage of policy/law reform (quality and quantity)</li> </ul>	<p>Transparency</p>
<p><b>18. Clear process for public participation in policy-making</b></p> <p>A sound policy framework should be responsive to public interests and demands through broad consultation, including meaningful input from communities and other stakeholders. Policies that reflect realities on the ground are more likely to be effective and enforceable.</p> <p>A clearly defined policy process improves transparency and efficiency of policy-making and facilitates public participation. Stages of the policy process may include problem identification, agenda-setting, policy formulation, policy adoption, policy implementation and policy evaluation. Although the process may not be this orderly in reality, public participation should be encouraged at all stages of the process.</p> <p>To apply this indicator, pick a recent policy-making process as a case study.</p>	<p><i>Diagnostic question:</i> To what extent is there clarity of process for public participation in policy-making?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Clear responsibility for decision</li> <li>• Clear time frame for decision</li> <li>• Clear time frame for input</li> <li>• Accountability for input</li> <li>• Documentation of consultation process</li> <li>• Timely, broad and targeted distribution of information about the entire process, including the process to address input received</li> </ul>	<p>Transparency Accountability Participation</p>
<p><b>19. Meaningful public participation in policy-making</b></p> <p>A good level of inclusion means that numerous and diversified contributions were collected effectively. These contributions are essential to ensure that all the different groups that compose the society are represented and considered in decision-making. It is particularly essential to engage local and forest-dependent communities in such processes.</p> <p>To apply this indicator, use the same case study policy as indicator 18.</p>	<p><i>Diagnostic question:</i> To what extent is there effective public inclusion in policy-making?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Quantity of participation</li> <li>• Breadth of participation</li> <li>• Representation of forest-dependent communities and other vulnerable groups</li> <li>• Availability of all public comments</li> <li>• Availability of responses to all public comments</li> <li>• Effective mechanisms/procedures to incorporate comments in policy-making</li> </ul>	<p>Participation Accountability Transparency</p>

Indicator	Elements of Quality	Governance Principles
<p><b>20. High quality legislative debate on forest laws</b></p> <p>Forest management issues are complex and involve lots of actors with different interests. Legislative debate need to reflect the complexity of the issues, with a high level of quality, i.e. with numerous and diversified speakers and public attendance, as well as transcript and adequate duration.</p> <p>To apply this case study indicator, pick a recent law that was subject to legislative approval.</p>	<p><i>Diagnostic question:</i> To what extent is there a high quality of legislative debate on forest management issues?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Duration of debate</li> <li>• Attendance of members</li> <li>• Composition of speakers/ experts, including members of civil society</li> <li>• Availability of transcripts</li> <li>• Outreach to public for comments before decision</li> <li>• Response to and accountability for public input</li> </ul>	<p>Capacity Participation Transparency Accountability</p>



# PRACTICE

Indicator	Elements of Quality	Governance Principles
<b>FOREST MANAGEMENT</b>		
<b>21. Effective information system as a basis for forest management</b> Information systems can enable effective implementation of policies, inform decision making, guide forest management, and provide a powerful tool for monitoring and enforcement. To be effective these systems must be accurate, comprehensive and accessible, and users of the system must have adequate capacity and political will to make use of the information and data within. The various types of information that may be included in a forest management information system include: --a comprehensive forest inventory, showing how much forest there is, what types of forest it is, its location and assessment of its value --spatial information (i.e. maps) on all current and planned forest uses (e.g. protection, community, commercial, etc), and land uses that affect forests (e.g. conversion) --information about forest tenure, including the who holds certain rights (e.g. rights of ownership, use, etc) and the spatial extent of those rights --information on permits and licenses, including administrative processes involved with their distribution --information on compliance with the terms of permits and licenses (e.g. monitoring and enforcement information) --information on forest revenues collected	<i>Diagnostic question:</i> To what extent is there a comprehensive and reliable information system in place as a basis forest management? <i>Elements of quality</i> <ul style="list-style-type: none"> <li>• Information system is comprehensive of all relevant spatial, financial, technical and administrative data necessary for effective forest management and enforcement</li> <li>• Information system is systematically and regularly updated to reflect the most currently available data</li> <li>• Information system is centrally maintained and is accessible to all internal users</li> <li>• Information system encourages information-sharing between national and sub-national actors</li> <li>• Information system encourages information-sharing with non forest sector actors, such as ministries from other sectors</li> <li>• Information system has been used to inform recent forest management decision-making processes</li> </ul>	Capacity Coordination Transparency
<b>22. Public access to information about forest management</b> For decision makers and society in general, the wide availability of accurate and current information about forests and forest uses is a fundamental element for good forest governance. A significant level of transparency of forest information means information is both available and accessible.	<i>Diagnostic question:</i> To what extent does the public have access to information about forest management? <i>Elements of quality</i> <ul style="list-style-type: none"> <li>• Information is comprehensive</li> <li>• Information is available at a useful scale</li> <li>• Information is widely accessible to the public in useful formats</li> <li>• Information is available online to the public</li> <li>• Information is available in relevant languages</li> <li>• Public requests for information are answered in a timely fashion</li> </ul>	Transparency

Indicator	Elements of Quality	Governance Principles
<p><b>23. Local community participation in forest management</b></p> <p>Involving communities in forest management is typically thought to lead to improved environmental outcomes in forests. In a small but growing number of cases, communities are given formal ownership or management rights over forests. In these cases, communities may require some external support to improve their capacity to manage forests effectively and comply with relevant legal requirements. Meaningful two-way communication between communities and other local stakeholders, such as the government or private companies can also support the management process.</p> <p>In cases where community ownership or use rights are not explicitly acknowledged, community participation in local forest management decisions should still be encouraged, especially where those decisions have impacts on communities. Access to relevant information is critical to ensuring that communities have meaningful participation in those decisions.</p> <p>To implement this indicator, select one community or geographical area as a case study.</p>	<p><i>Diagnostic question:</i> To what extent do forest management practices promote the meaningful participation of local communities and indigenous peoples?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Extension services and/or technical and financial assistance programs are provided to strengthen the capacity of local communities to produce and implement forest management plans</li> <li>• Relevant forest-related legislation is communicated to communities in an understandable way</li> <li>• Local government has hosted meetings regarding important forest management issues and consistently includes community representatives</li> <li>• Effective mechanisms exist to promote two-way communication about forest management between communities and other relevant local stakeholders, including the government and private companies</li> </ul>	<p>Participation Capacity</p>
<p><b>24. Control of forest fires and other disturbances</b></p> <p>Measures to prevent and combat disturbances such as forest fires and pests are important aspects of reducing deforestation and forest degradation. Implementing such measures effectively requires concerted and coordinated planning from the local to the national as well as dedicated resources and capacity.</p>	<p><i>Diagnostic question:</i> To what extent is there effective implementation of measures to prevent and control natural and other disturbances that cause forest degradation?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Activities have been undertaken to reduce the risk of forest fires and other disturbances, including public information campaigns</li> <li>• Activities have been undertaken to encourage early detection of forest fires and other disturbances</li> <li>• Clear plans exist for responding to forest fires and other disturbances, which coordinate the relevant agencies involved and designate one agency with ultimate responsibility</li> <li>• Access to and capacity to use adequate technology and resources</li> <li>• Access to adequate information and data and capacity to act upon it</li> </ul>	<p>Capacity Coordination</p>

Indicator	Elements of Quality	Governance Principles
<p><b>25. Effective management of protected areas and indigenous lands</b></p> <p>Protected areas in this context include public forests that are owned by the government and managed primarily to preserve the integrity of its ecological values, although in some protected areas limited resource use or recreation may be permitted. The management of these forests may be undertaken by the government, by communities or indigenous groups, jointly by communities and the government, or perhaps even by a private organization. In all cases, effective management requires planning as well as adequate financial, human and technical resources to implement the management plan. Ability to resolve conflicts is also an important aspect of managing protected areas, especially where communities or indigenous groups are involved.</p> <p>To apply this case study indicator, pick one to two protected areas and/or indigenous lands to assess.</p>	<p><i>Diagnostic question:</i> To what extent are the protected areas and indigenous lands (or similarly classified forests) effectively managed?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Clear delineation and enforcement of boundaries</li> <li>• Clarity as to what activities are allowed and not allowed within the area</li> <li>• Managers have access to adequate scientific and technical information as a basis for forest management planning</li> <li>• Existence of a comprehensive and appropriate management plan</li> <li>• Access to adequate financial, human and logistical resources to implement the management plan</li> <li>• Existence of mechanisms to resolve disputes</li> </ul>	Capacity
<b>MONITORING</b>		
<p><b>26. National forest inventories</b></p> <p>Inventories of forest resources are a basic element of planning and efficient investing in the forest sector. Forest inventories typically show how much forest there is, what types of forest it is, its location and assessment of its health and value.</p> <p>To apply this indicator assess the most recent forest inventory in your country.</p>	<p><i>Diagnostic question:</i> To what extent are comprehensive and accurate forest inventories available?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Forest inventories are updated at adequate intervals</li> <li>• Agency conducting the inventory has access to adequate technological resources and know-how</li> <li>• Forest inventory utilizes current and well-tested methodologies that are clearly described and disclosed</li> <li>• The scope and objectives of the inventory are clearly defined and disclosed</li> <li>• Clear mechanisms exist to link inventory data into decision-making processes (e.g. through integration with a forest management information system)</li> </ul>	Capacity Transparency
<p><b>27. Monitoring changes in forest cover</b></p> <p>Current and accurate information on forest cover is critical for effective policies and planning. Remote-sensing information allows a country to see how much forests exist and where they exist, and track where deforestation and reforestation is occurring and at what rate. To a more limited extent, remote-sensing information can also show forest uses and forest degradation. When combined with GIS information, remote-sensing images provide a useful basis for monitoring compliance with laws and regulations. For example, remote-sensing images may show clear cutting in a protected area.</p>	<p><i>Diagnostic question:</i> To what extent are forest cover and forest cover change effectively monitored?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Access to adequate GIS and remote sensing technology and resources</li> <li>• Access to technical expertise necessary to use and interpret remote sensing data into useful formats</li> <li>• Use of appropriate methodologies for assessing forest degradation</li> <li>• Data is updated regularly</li> <li>• Data is publicly available</li> <li>• Primary agency is responsive to questions and concerns regarding data accuracy</li> </ul>	Capacity Transparency Accountability

Indicator	Elements of Quality	Governance Principles
<p><b>28. Monitoring forest management and forest use</b></p> <p>Monitoring the boundaries and activities associated with forest use and management is a critical aspect of tracking compliance with forest laws and regulations, and specifically with contracts such as concessions, licenses and permits. Although most contracts for forest utilization and/or management involve requirements for self-reporting, this information must also be verified through government inspection.</p> <p>A few types of forest activities, such as clear cutting or conversion to new land uses such as agriculture, can be monitored using remote sensing data. But most activities taking place in the forest can only be monitored via on-the-ground inspections and photography from low flying aircraft. In this context, GIS tools are a valuable resource for providing a comprehensive picture of the various forest management practices and forest uses taking place on the ground.</p>	<p><i>Diagnostic question:</i> To what extent are changes in forest uses and conversion effectively monitored?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Access to GIS, remote sensing tools and other relevant technical resources, such as vehicles and low-flying aircraft</li> <li>• Access to adequate numbers of trained field staff to conduct on the ground inspections of forest management and utilization activities in both public and private forests</li> <li>• On the ground inspections are guided by clear procedures and harmonized reporting criteria, to facilitate data-sharing amongst agencies</li> <li>• On the ground inspections occur at adequate time intervals</li> <li>• Spatial and technical information about concessions, licenses, permits and other contracts for forest utilization and/or management are maintained in a central location and are linked to monitoring activities</li> </ul>	<p>Capacity Transparency Accountability</p>
<p><b>29. Monitoring the forest product supply chain</b></p> <p>The entirety of the forest product supply chain – including harvesting, transport, processing and sale – should be monitored to improve compliance with laws and regulations. This requires control and surveillance mechanisms throughout the supply chain in order to monitor permitted and licensed activities, as well as to detect illegal activities. Surveillance systems for detecting illegal activities may include satellites, aircraft, and ground monitoring to document the location, type, volume and perpetrators of illegal activities. In addition, indirect methods such as comparing data on production, consumption and trade in forest products can show disparities between actual and reported activities. Monitoring of the forest product supply chain typically involves many different actors, which may include the forest agency, the police, and the customs authority.</p>	<p><i>Diagnostic question:</i> To what extent is the entire forest product supply chain effectively monitored?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• One agency with the mandate to collect and analyze monitoring data across the entire supply chain</li> <li>• Information-sharing and coordination mechanisms exist between the different agencies responsible for monitoring different parts of the supply chain</li> <li>• Harmonized data collection techniques that facilitate data-sharing</li> <li>• Access to adequate technology and resources for a well-rounded approach to monitoring and surveillance</li> <li>• Effective log tracking system in place</li> </ul>	<p>Capacity Coordination</p>
<p><b>30. Independent forest monitoring</b></p> <p>Civil society can play an important watch dog role by producing independent data about forests to verify official information, including information about forest utilization and management as well as the forest product supply chain. As with government monitoring, independent monitoring should be comprehensive, credible and accurate.</p>	<p><i>Diagnostic question:</i> To what extent is there effective independent forest monitoring by civil society?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Access to adequate technological resources</li> <li>• Access to relevant government information and data</li> <li>• Access to adequate expertise to use and interpret data</li> <li>• Monitoring information is updated regularly and in a timely fashion</li> <li>• Monitoring information is comprehensive (forest cover, forest use, supply chain, etc)</li> <li>• Monitoring information is peer-reviewed</li> <li>• Monitoring information is present in useful formats and regularly published reports</li> </ul>	<p>Accountability Capacity</p>
LAW ENFORCEMENT		

Indicator	Elements of Quality	Governance Principles
<p><b>31. Effective prosecution of offenders</b></p> <p>Enforcement should be seen as the last resort for obtaining compliance with the law. Due to the significant level of illegality in the forest sector, however, effective law enforcement is extremely important. Effective prosecution of offenders requires coordination between major actors such as law enforcement agencies and prosecutors, as well as transparent and expedient procedures. Where poor or vulnerable groups are involved, free legal services should be offered.</p> <p>To implement this indicator, select a case study of a recent major legal infraction in the forest sector that has occurred within the past five years.</p>	<p><i>Diagnostic question:</i> To what extent is there an effective system to prosecute those who have been accused of committing forest related crimes?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Law enforcement officers followed clear procedures for collecting evidence and documentation of the offense as the basis for arrest, judicial proceedings, etc</li> <li>• Prosecutors have access to needed information and evidence and have the capacity and incentives to act upon them</li> <li>• Free legal services are available to vulnerable groups</li> <li>• Judicial procedures are transparent and rules based</li> <li>• Rulings are delivered in a timely manner</li> <li>• Public access to information about all rulings</li> <li>• Opportunity to appeal decisions</li> </ul>	<p>Transparency Accountability</p>
<p><b>32. Effective application of penalties</b></p> <p>Once an offender has been proven guilty, penalties should be applied in a transparent and expedient manner. Furthermore, efforts must be made to ensure the sanction is complied with. The effective application and enforcement of sanctions is an important aspect of deterrence against future crime. Sanctions may be applied by a law enforcement official (typically involving smaller crimes) or by a judge following a court proceeding. The type of sanction applied typically depends on the nature of the crime, and may include monetary fines, imprisonment, requirements for financial compensation, requirements for environmental restoration, etc. Decisions on what type of sanction to apply and the magnitude of the sanction should be seen to be based on clear rules and formula and should be transparent.</p>	<p><i>Diagnostic question:</i> To what extent is there an effective system to apply and enforce penalties against those who have been convicted of committing forest related crimes?</p> <p><i>Elements of quality</i></p> <ul style="list-style-type: none"> <li>• Use of clear rules and/or formula for deciding the type and magnitude of the penalty</li> <li>• Timely application of the penalty</li> <li>• Compliance with penalties is monitored, and further legal action is taken in case of non-compliance</li> <li>• Public access to information about penalties and their state of compliance</li> </ul>	<p>Transparency Accountability</p>

# Forest Revenues & Economic Incentives Indicators

## ACTORS

Indicator	Elements of Quality	Governance Principles
<b>CIVIL SOCIETY</b>		
<p><b>1. Capacity of civil society organizations to engage on forest revenue issues</b></p> <p>Civil society organizations can play an important role in promoting financial transparency and accountability in the forest sector. For example, they may participate in and influence budget creation and other fiscal policy at both the forest sector and the central government level. They may also monitor spending and other financial transactions within the government and between the government and private companies.</p> <p>To play these roles effectively, civil society organizations must have the necessary capabilities to engage: technical --including an understanding of relevant budgetary and fiscal processes-- financial, organizational, and political.</p>	<p><i>Diagnostic question:</i> To what extent do civil society organizations have adequate capacity to influence issues relating to forest revenues and economic incentives?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Expertise in budget processes, economic planning and financial management</li> <li>• Engagement on forest related issues</li> <li>• Credibility with a wide range of stakeholders, including the agencies responsible for budgeting and revenue management</li> <li>• Access to adequate financial, human and technical resources</li> <li>• Effective networking amongst CSOs</li> <li>• Evidence of representation of concerns of vulnerable groups, local communities, including indigenous people</li> </ul>	Capacity
<b>GOVERNMENT</b> <i>(refer to the “Forest Management – Actors” section of this framework for indicators relating to forest agencies)</i>		
<p><b>2. Forest expertise of the national budget authority</b></p> <p>The executive branch of the government is typically responsible for preparing the national budget, and several actors within that branch may be involved. However, one office (e.g. the budget office in the Ministry of Finance) usually coordinates the process by requesting information from individual departments and proposing trade-offs to manage competing government priorities within the budget’s expenditure totals. The level of engagement with individual departments and the extent to which their views are taken into account varies between countries.</p> <p>The office in charge of preparing the national budget therefore decides how much money to allocate to the forest agency and also reviews and approves the forest agency’s budget proposals. Access to expertise about forest sector issues and consultation with the forest agency can contribute to more informed decision-making.</p>	<p><i>Diagnostic question:</i> To what extent does the national budget authority have access to relevant forest specific expertise when considering forest sector budget issues?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Access to staff with forest specific expertise, either internally or externally (e.g. independent experts, staff from different ministries)</li> <li>• Consultation of forest agency (ies) when deciding how much money to allocate to forest programs</li> <li>• Engagement with the forest agency (ies) when reviewing its budget proposals</li> </ul>	Capacity Participation
<b>PRIVATE SECTOR</b>		

Indicator	Elements of Quality	Governance Principles
<p><b>3. Financial transparency of forest resource companies</b></p> <p>Companies involved in the extraction of forest resources – particularly international companies, government owned companies engaged in forest resource extraction, and major domestic private sector companies – should be subject to annual audits conducted by an independent competent and qualified auditor. Such audits demonstrate that the operations of companies active in the forest sector are consistent with national laws and regulations governing financial operations. International companies are already obliged to comply with internationally accepted accounting and audit standards, such as the International Financial Reporting Standards (IFRS). They may also be expected to observe the audit-related transparency and disclosure requirements under the OECD's Principles of Corporate Governance.</p>	<p><i>Diagnostic question:</i> To what extent do forest resource companies comply with internationally accepted standards for accounting, auditing and publication of accounts?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• The government requires international companies to submit reports on the compliance of their operations with internationally accepted accounting and audit standards</li> <li>• Domestic companies are subject to annual audits by an independent, competent and qualified auditor</li> <li>• Forest resource companies are required to publish their accounts annually, including all payments made to the government</li> <li>• There is evidence that the 10 companies that are most active in the forest sector have published such reports</li> </ul>	<p>Transparency Accountability</p>
<p><b>4. Environmental policies of lending institutions</b></p> <p>Financial institutions such as national and multi-national banks provide financing for activities that have impacts on forests. These might include forest specific activities such as timber extraction or non-forest specific activities such as infrastructure development. In order to minimize financing of projects with negative impacts of forests, financial institutions can employ policies and safeguards to ensure the environmental sustainability of their lending practices. This case study indicator should be applied to the 1 – 4 national banks that have the most clients with active operations in the forest sector.</p>	<p><i>Diagnostic question:</i> To what extent do financial institutions apply environmental and social policies to activities that impact the forest sector?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• The government monitors the lending practices of financial institutions that impact the forest sector</li> <li>• Lending institutions require companies to demonstrate the legality of their operations and compliance with environmental regulations in order to apply for financing</li> <li>• Lending institutions have environmental and social safeguard policies for financing, including forest specific measures</li> <li>• Lending institutions publicly disclose their environmental policies and requirements</li> <li>• Banks report on their measures to ensure client compliance with environmental policies on an annual basis</li> </ul>	<p>Transparency Accountability</p>

# RULES

Indicator	Elements of Quality	Governance Principles
<b>LEGAL/POLICY FRAMEWORK FOR FISCAL MANAGEMENT<sup>1</sup></b>		
<p><b>5. Clear authority and responsibilities for fiscal management</b></p> <p>The management of revenues from the forest sector tends to involve a multitude of actors. The forest agency usually has a significant role in collecting and spending revenues. However, some taxes that affect the sector are not specific to forests (e.g. value added taxes) and will be collected by a different agency such as the Ministry of Finance. The forest agency must also answer to the central government concerning its budget. Further, many countries practice fiscal decentralization, although the precise demarcation of responsibilities and powers between different levels of government varies widely between countries and over time.</p> <p>To promote accountability, roles and responsibilities regarding the collection of forest revenues and the expenditure of public funds should be clearly specified in the law. Where roles are unclear or duplication of responsibilities exists, the risk of inefficiency and corruption are high.</p>	<p><i>Diagnostic question:</i> To what extent does the law assign clear authority, roles and responsibilities for the collection, commitment and use of public funds in the forest sector?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• The tax powers and expenditure responsibilities of sub-national governments vis-à-vis the central government are clearly defined under the law</li> <li>• The tax powers and expenditure responsibilities of the forest agency vis-à-vis the Ministry of Finance are clearly defined under the law</li> <li>• One institution is given clear and effective authority over budget management in the forest sector</li> <li>• One institution is given clear and effective authority over the management of any extra-budgetary funds in the forest sector</li> </ul>	Coordination Accountability
<p><b>6. Transparent forest revenue sharing mechanisms</b></p> <p>Public revenues collected from forest operations are often sent directly to the central government coffer. However, a recent trend in many countries is the development of forest revenue sharing mechanisms, whereby part or all of these revenues are shared with individuals or local levels of government (often in locations where production occurs). These revenue sharing arrangements may be either unconditional or conditioned in their terms.</p> <p>Earmarking forest revenues for subnational governments or other non-government entities (such as local communities) is often proposed as a strategy to generate local support for forest protection and use. It also has the potential to help improve spending accountability since local governments can more easily determine the needs and requirements of their populations. However, there are also arguments that favor placing control of revenues at the national level, such as policy coherence and macroeconomic objectives.</p> <p>Where they exist, revenue sharing arrangements should be clearly specified, preferably based on stable criteria and formulas rather than discretionary criteria and negotiations.</p>	<p><i>Diagnostic question:</i> To what extent are revenue sharing arrangements in the forest sector based on a transparent and rules based system?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Revenue sharing arrangements with sub-national governments are based on a transparent and rules based system that is shared with the public</li> <li>• Revenue sharing arrangements with non-government entities are based on a transparent and rules based system that are shared with the public</li> <li>• Those receiving revenues understand the system as a result of proactive government efforts to inform them of the arrangements</li> <li>• There are clear and transparent rules and procedures in place for modifying any existing revenue-sharing arrangement</li> </ul>	Accountability Transparency

<sup>1</sup> Fiscal management is defined here as the collection, commitment and use of public funds



Indicator	Elements of Quality	Governance Principles
<p><b>7. Legal requirements for fiscal transparency</b></p> <p>Fiscal management in general (not necessarily specific to the forest sector) should be governed by comprehensive budget, tax and other public finance laws, regulations and policies. Although the relative importance of codified budget laws, regulations and administrative practices varies considerably among countries, it is important that the law at least support basic elements of fiscal transparency and accountability. This indicator outlines some of these basic legal requirements. These may or may not be specific to the forest sector, depending on the country.</p>	<p><i>Diagnostic question:</i> To what extent do laws promote fiscal transparency in the forest sector?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• The forest sector budget is required to be inclusive of all fiscal transactions, including those through extra-budgetary funds</li> <li>• The forest agency is legally accountable for funds they collect and/or use</li> <li>• The law requires that independently audited reports must be prepared for the legislature and public showing clearly how public funds have been used by the forest agency</li> <li>• The law requires that all forest revenues and asset holdings must be reported to the public</li> </ul>	<p>Transparency Accountability</p>
<p><b>ESTABLISHING CHARGES AND INCENTIVES</b></p>		
<p><b>8. Transparent and participatory processes to set forest charges</b></p> <p>Revenue collection is tightly linked to the combination of instruments used to raise revenues in the forest sector. These often include a variety of charges such as taxes, royalties, fees and fines to target different types forests, activities, products and producers.</p> <p>Together, the suite of charges used by a country should contribute to the goals of (1) economic efficiency – minimize distortions that alter the costs and prices of inputs and outputs, (2) sustainable forest management – achieve maximum sustainable yield and conservation objectives, (3) administrative efficiency – minimize enforcement and compliance costs and the corruption risks associated with over-complexity, and (4) equity – promote equitable impacts on different income groups.</p> <p>The process of determining the right mix of charges is generally undertaken by the forest agency. The actual level of those charges can be determined through consultation, market-based processes (i.e. auctions, sales by tender, etc), or through calculations of residual value or based on replacement cost. Charge levels should be reviewed and revised on a regular basis, and therefore should not be prescribed in the law, in order to keep up to date with market conditions and policy objectives. A poorly designed forest charge system may have perverse or unintended effects, especially regarding environmental and social aspects of forest management. It is important that the process to set forest charges accounts for impacts on different groups and promotes broad credibility of the system.</p> <p>This case study indicator should be applied to the most recent review/revision of the forest charge system.</p>	<p><i>Diagnostic question:</i> To what extent are transparent and participatory processes used to establish and revise the forest charge system?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• The economic, social, and environmental objectives of the charge system are articulated at the outset of the review process</li> <li>• Appropriate oversight mechanisms exist for the review process</li> <li>• Reviews and revisions are undertaken with adequate regularity</li> <li>• The review process is guided by clear rules and procedures</li> <li>• The review process is informed by comprehensive and accurate information about the impacts and effectiveness of the existing system</li> <li>• Broad consultation mechanisms are implemented to account for impacts on different stakeholders</li> <li>• All information relevant to the review process (rules and procedures, data and analyses, objectives, etc) is publicly available and easily accessible in order to facilitate stakeholder participation</li> </ul>	<p>Transparency Participation Accountability</p>

Indicator	Elements of Quality	Governance Principles
<p><b>9. Transparent and participatory processes to set economic incentives in the forest sector</b></p> <p>Incentives in the forest sector can include a broad range of measures that encourage others to act, such as tax incentives, grants, subsidies, subsidized loans, and payments for ecosystem services. They are most commonly used to promote activities that result in net non-market benefits, such as the production of social or environmental services.</p> <p>Economic incentives should effectively target both the objectives that it sets out to achieve and the individuals or groups that it aims to influence. Having good processes to develop incentive policies and reviewing the efficacy of those policies on a regular basis is critical to ensuring that incentive programs achieve their desired objectives.</p> <p>This is a case study indicator that should be applied to a major economic incentive program in the forest sector that has been adopted in the past five years.</p>	<p><i>Diagnostic question:</i> To what extent are transparent and participatory processes used to establish and revise economic incentives in the forest sector?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• The economic, social, and environmental objectives of the charge system are articulated at the outset of the review process</li> <li>• Appropriate oversight mechanisms exist for the review process</li> <li>• Reviews and revisions are undertaken with adequate regularity</li> <li>• The review process is guided by clear rules and procedures</li> <li>• The review process is informed by comprehensive and accurate information about the impacts and effectiveness of the existing system</li> <li>• Broad consultation mechanisms are implemented to account for impacts on different stakeholders</li> <li>• All information relevant to the review process (rules and procedures, data and analyses, objectives, etc) is publicly available and easily accessible in order to facilitate stakeholder participation</li> </ul>	<p>Transparency Participation Accountability</p>
<p><b>10. Efforts to minimize negative environmental impacts of non-forest sector economic incentives</b></p> <p>Economic incentives in other sectors such as agriculture and infrastructure often have perverse impacts on forests. For example, a subsidy promoting biofuel production may encourage increased conversion of forests for agriculture. This is a case study indicator that should be applied to a major incentive program in the agriculture or infrastructure sectors that has implications for forest cover and was adopted within the last five years.</p>	<p><i>Diagnostic question:</i> To what extent are environmental considerations integrated into the process of creating economic incentives in other sectors?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Evidence that decision-makers investigated and considered potential environmental impacts of the proposed incentive program</li> <li>• Relevant civil society organizations had the opportunity to provide input on potential environmental impacts</li> <li>• Decision-makers consulted with the forest agency and/or other relevant experts to understand the problem and potential solutions</li> <li>• Decision-makers considered alternative designs and/or potential mitigation measures with regard to potential environmental impacts</li> <li>• Rules for implementation include monitoring for environmental impacts</li> </ul>	<p>Coordination Participation</p>
FOREST AGENCY BUDGET PROCESS		

Indicator	Elements of Quality	Governance Principles
<p><b>11. Transparent annual budget process for forest agency spending</b></p> <p>Public sector expenditure on forestry is typically determined along with expenditure by all other government departments as part of the annual national budget process. At the forest agency level, the budget preparation process typically involves consultation amongst the forest agency itself and the relevant sector Ministry, as well as input and review by the authority for the national budget. Eventually, the forest agency budget is subject to legislative review, usually as a part of a larger sector or national budget. Legislative review is facilitated by the large amount of fiscal information presented in the budget documentation (e.g. detailed projections of revenues, expenditures, balances and borrowing) and other supporting documents (e.g. details of extra-budgetary funds, quasi-fiscal activities, reviews of past fiscal years, and background papers on medium to long-term fiscal and economic outlook)</p> <p>The exact timeframe and sequencing of this process varies between countries. Promoting predictability and transparency surrounding the process supports more meaningful public participation and also promotes greater accountability.</p> <p>This indicator should be applied as a case study of the most recent annual budget process undertaken by the main forest agency.</p>	<p><i>Diagnostic question:</i> To what extent is the forest agency budget process transparent and predictable?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• A budget calendar is publicly accessible in at least 2 different formats (e.g. online, in official offices) and adhered to by the forest agency</li> <li>• There is predictability about when the forest agency's budget proposals—in either consultative, draft or final form—will be made public</li> <li>• Budget proposals (including any mid-year revisions) are presented to the legislature and the public with adequate time for deliberation</li> <li>• Budget presentation is comprehensive (i.e. all relevant fiscal information is present)</li> <li>• Supporting budget documents include details on any extra-budgetary funds that may exist</li> <li>• Budget presentation and supporting documents are widely accessible to the public in a timely fashion</li> </ul>	<p>Transparency Accountability</p>
<p><b>12. Effective legislative oversight in the annual budget process</b></p> <p>The process of budget preparation generally occurs behind closed doors, although the release of a pre-budget statement can give legislators and civil society an opportunity to comment and have influence. Given the legislature's role representing citizens, this is an important forum for citizens and civil society to have input. This indicator should be applied to the most recent budget process in order to assess the quality of debate in practice.</p>	<p><i>Diagnostic question:</i> To what extent is there meaningful legislative and public participation in the budget process?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Legislature has adequate human and technical capacity to carefully consider the budget proposal</li> <li>• Adequate duration of debate</li> <li>• Adequate attendance of legislative members</li> <li>• Diverse composition of speakers representing different stakeholder groups</li> <li>• Adequate breadth of civil society involvement</li> <li>• Availability of transcripts of the debate to the public</li> </ul>	<p>Participation Capacity</p>

# PRACTICE

Indicator	Elements of Quality	Governance Principles
<b>FISCAL MANAGEMENT</b>		
<p><b>13. Effective accounting system for public spending</b></p> <p>An effective accounting system is necessary to record and verify all public expenditures in the forest sector, and is the basis for reporting fiscal information to the public (see indicator #14). A high-quality accounting system should promote vertical coordination (since expenditures often occur at different levels of government) and should promote fiscal transparency and accountability. The accounting system should result in credible and accurate fiscal information.</p>	<p><i>Diagnostic question:</i> To what extent is there an effective accounting system for tracking the public expenditures of the forest agency?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• An institution responsible for monitoring and certifying compliance with accounting standards and practices is clearly designated</li> <li>• Accounting standards and practices are clear and disclosed to the public in an easily accessible way</li> <li>• Accounting standards and practices are harmonized across different levels of government (i.e. subnational to national)</li> <li>• The accounting system includes effective mechanisms for collecting and consolidating sub-national expenditure data at the central level</li> <li>• The accounting system captures and records all types of expenditures, including spending through extra-budgetary funds</li> <li>• The accounting system captures and records expenditures in a timely way</li> <li>• Expenditure data is regularly reconciled against both internal and external data sources</li> </ul>	<p>Accountability Coordination</p>

Indicator	Elements of Quality	Governance Principles
<p><b>14. Effective accounting system for forest revenue collection</b></p> <p>Accounting systems allow the government to record and verify revenues received from forest sector. To be accurate and transparent, they should be based on well-established criteria and procedures that are consistent with international standards of best practice. Since much revenue collection may happen at sub-national government levels, correct interpretation of forest sector revenues at the central level requires tracking information at all levels of government.</p>	<p><i>Diagnostic question:</i> To what extent is there an effective accounting system for tracking forest revenue collection?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• An institution responsible for monitoring and certifying compliance with accounting standards and practices is clearly designated</li> <li>• Accounting standards and practices are clear and disclosed to the public in an easily accessible way</li> <li>• Accounting standards and practices are harmonized across different levels of government (i.e. subnational to national)</li> <li>• The accounting system includes effective mechanisms for collecting and consolidating sub-national revenue data at the central level</li> <li>• The accounting system is comprehensive of all forest revenues collected</li> <li>• The accounting system captures and records information in a timely way</li> <li>• The accounting system cross-references information about revenues collected with original source documents and names of staff who entered it into the system</li> <li>• Information in the accounting system is regularly reconciled against both internal and external data sources</li> </ul>	<p>Accountability Transparency Coordination</p>
<p><b>15. Transparent management of extra-budgetary/resource funds</b></p> <p>Many countries have separate funds for forest resource revenues in order to channel resources to achieve particular environmental or social objectives. A fund dedicated to reforestation activities is a good example. Since most funds operate outside of the forest agency budget, the risk of non-transparency and corruption in spending from the fund is often high. Funds should be managed in a way that supports the government's overall fiscal policy and aligns with general budgetary practices regarding fiscal transparency and accountability.</p> <p>This indicator should be applied as a case study of a major extra-budgetary fund in the forest sector.</p>	<p><i>Diagnostic question:</i> To what extent are resource-related funds managed transparently and effectively?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• It is clear who the main authority is for managing the fund</li> <li>• Priorities for spending and borrowing are determined through broad stakeholder participation</li> <li>• Spending and borrowing through the fund are guided by clear operational rules, which are available and easily accessible to the public</li> <li>• Fund revenues, expenses and balance sheet is presented to the legislature and the public together with the annual budget</li> <li>• The fund is subject to annual external auditing procedures and audit results are published</li> <li>• Regular reports are produced on the impacts of fund spending and are available and easily accessible to the public</li> </ul>	<p>Accountability Transparency Participation</p>

Indicator	Elements of Quality	Governance Principles
<p><b>16. Comprehensive and timely reports on fiscal activity</b></p> <p>All information about fiscal activity undertaken in the forest sector should be included in the forest agency's budget documentation and presented to the public in a timely and comprehensible fashion. Types of relevant information may include:</p> <ul style="list-style-type: none"> <li>--Revenue receipts: from the private sector, donors, etc</li> <li>--Spending: budgetary and also extra-budgetary funds</li> <li>--Revenue sharing: forest revenues earmarked for sub-national governments or non-government bodies</li> <li>--Asset holdings: financial assets held by the forest agency such as funds</li> <li>--Estimates of forest resource asset worth: based on probable production streams</li> <li>--Quasi-fiscal activities<sup>2</sup>: the cost of resource company quasi-fiscal activities arising from resource-related contracts</li> <li>--Fiscal risks: risks associated with resource revenue (especially price risks) and measures taken to address them</li> </ul>	<p><i>Diagnostic question:</i> To what extent does the government effectively report on fiscal activity in the forest sector?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Reports include all forest revenue and forest sector expenditure transactions</li> <li>• Reports include all other relevant fiscal information (e.g. asset holdings, fiscal risks, etc)</li> <li>• Reports are generated in a timely and regular fashion</li> <li>• Information in the reports is presented in a way that is understandable and comprehensible</li> <li>• Reports are widely accessible to the public in multiple formats (e.g. online, print, etc)</li> </ul>	Transparency
<p><b>17. Internal controls and auditing of the forest agency's fiscal activity</b></p> <p>The forest agency should employ internal control and audit procedures in order to ensure accountability and prevent corruption. The special risks and complexity of resource transactions often require that these procedures go beyond general government standards and rules.</p>	<p><i>Diagnostic question:</i> To what extent does the forest agency employ effective internal control and auditing procedures to promote accountability in its fiscal activity?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Officials handling or making decisions about the receipt or use of public funds are subject to a code of conduct that precludes unethical behavior. The forest agency conducts regular internal audits of fiscal activity</li> <li>• Audit procedures are clearly described and available to the public, and the effectiveness of these procedures are open to review by external auditors</li> <li>• Audit procedures are independent from day-to-day management</li> <li>• Audit reports are produced and published at least annually</li> <li>• There is evidence that follow-up actions have been taken based on audit results</li> </ul>	Accountability Transparency

<sup>2</sup> Quasi-fiscal activities are arrangements whereby resource companies undertake social or environmental expenditure without explicit budget support

Indicator	Elements of Quality	Governance Principles
<p><b>18. External auditing of the forest agency's fiscal activity</b></p> <p>The fiscal activities of the forest agency should be subject to regular external auditing by an independent body. This often falls within the mandate of a national audit office. CSOs can also play a role in providing independent assurance of integrity of processes and data.</p>	<p><i>Diagnostic question:</i> To what extent is the forest agency subject to effective external auditing of its fiscal activity?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Annual auditing is conducted by an external body, independent from the executive</li> <li>• The auditor has adequate expertise to audit forest resource revenues</li> <li>• External audit procedures and standards are clearly described and accessible to the public</li> <li>• Timely audit reports including an easily comprehensible summary are published and submitted to the legislature and public</li> <li>• There is evidence that audit reports are reviewed and follow up actions have been identified</li> </ul>	<p>Accountability Transparency</p>
<b>COLLECTION OF FOREST CHARGES</b>		
<p><b>19. Effective administration and enforcement of forest charges</b></p> <p>There are three main tasks of implementing any forest charging system: (1) calculating the charges that are due, (2) collecting these amounts, (3) and policing the system through both monitoring and enforcement. The cost and expertise required for assessing and collecting charges increases with the complexity of the system (i.e. the number and types of different charges levied). Some charges are easier to administer than others. For example, stumpage fees, which are based on the volume and value of the trees harvested, require field officers who are appropriately trained in measurement and have access to timely information about world market prices. An area tax, on the other hand, is charged on an equal and annual basis per hectare under concession and is relatively easy to calculate, though it may not capture an adequate amount of rent or may promote clear cutting. No matter what types of charges are used, adequate staff resources, staff expertise and financial resources are required for effective inspection and enforcement.</p>	<p><i>Diagnostic question:</i> To what extent is there an effective system for implementing and enforcing forest charges?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Local revenue collection activities are supported by a strong headquarters that is responsible for design of a sound work process</li> <li>• The headquarters monitors local offices compliance with the work process</li> <li>• Forest agency has adequate financial and human resources to administer and enforce the forest charge system</li> <li>• Field staff responsible for assessing and collecting charges have access to adequate information and expertise to do their job effectively</li> <li>• Clear codes of conduct for field staff responsible for assessing and collecting charges to prevent corruption</li> </ul>	<p>Accountability Capacity</p>

Indicator	Elements of Quality	Governance Principles
<p><b>20. Public awareness of the forest charge system</b></p> <p>Since forest charge systems are often complex, active efforts must be made to ensure public awareness of the system in order to promote compliance. The public needs to understand their rights and obligations under the system, i.e. the types of charges they need to comply with and the administrative processes involved.</p>	<p><i>Diagnostic question:</i> To what extent is there adequate public awareness of forest fiscal instruments and related administrative procedures?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• The details of revenue collection processes have been documented by the responsible agency and are publicly disclosed</li> <li>• The forest agency maintains an up-to-date public list of all relevant forest charges</li> <li>• The public has easy access to up-to-date materials explaining laws, regulations and procedures relating to the implementation of the forest charge system and forest-related incentive programs</li> <li>• The public has access to professional advice and assistance to help them understand their rights, obligations and entitlements under the law regarding the forest charge system</li> </ul>	<p>Transparency</p>
<b>IMPLEMENTATION OF INCENTIVE PROGRAMS</b>		
<p><b>21. Effective administration and enforcement of incentive programs</b></p> <p>Depending on the size of the incentive program, some type of administrative system will need to be set up to implement the program. This indicator explores the effectiveness of that system with respect to capacity and means to promote accountability.</p> <p>This indicator should be applied as a case study of a major incentive program in the forest sector.</p>	<p><i>Diagnostic question:</i> To what extent is there an effective system for administering and enforcing forest-related incentive programs?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• The program is supported by a strong headquarters that is responsible for design of a sound work process and monitoring performance of local offices</li> <li>• The implementing agency has adequate financial and human resources to administer the program</li> <li>• The program avoids excessive administrative complexity</li> <li>• Field staff responsible for monitoring compliance with the program have access to adequate information and expertise to do their job effectively</li> <li>• The public has access to up-to-date explanatory materials and professional advice regarding the rules of the program</li> </ul>	<p>Accountability Capacity</p>



Indicator	Elements of Quality	Governance Principles
<p><b>22. Transparent system for recording incentive payments</b></p> <p>The government should record and verify all payments made under the incentive program. To be accurate and transparent, they should be based on well-established criteria and procedures for accounting. Since payments may happen at the sub-national government levels, correct interpretation of total payments at the central level require tracking information at all levels of government.</p>	<p><i>Diagnostic question:</i> To what extent is there an effective accounting system for tracking forest-related incentive payments?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Accounting standards and practices are clear and publicly accessible</li> <li>• The accounting system is comprehensive of all payments</li> <li>• The accounting system cross-references information about payments distributed with original source documents and names of staff who entered it into the system</li> <li>• The accounting system captures and records information in a timely way</li> <li>• Accounting standards and practices are harmonized across different levels of government (i.e. subnational to national)</li> <li>• The accounting system includes effective mechanisms for collecting and consolidating sub-national expenditure data at the central level</li> </ul>	<p>Accountability Transparency Coordination</p>
<p><b>23. Monitoring the effectiveness of incentive programs</b></p> <p>Incentives in the forest sector can include a broad range of measures that encourage others to act, such as tax incentives, grants, subsidies, subsidized loans, and payments for ecosystem services. They are most commonly used to promote activities that result in net non-market benefits, such as the production of social or environmental services. As with forest charges, incentive schemes should promote economic efficiency as well as broader environmental and social goals. A poorly targeted incentive scheme may result in overpayment of incentives (when recipients receive more than is necessary to make them undertake the desired activity), non-additionality (when recipients are paid to do something they would have done anyway), or displacement (when the incentive results in no net change in behavior).</p> <p>This indicator should be applied to a case study of an incentive in the forest sector that has had significant impact in the country over the past 5 years.</p>	<p><i>Diagnostic question:</i> To what extent do incentive programs in the forest sector promote economic efficiency as well as stated social and environmental goals?</p> <p><i>Elements of quality:</i></p> <ul style="list-style-type: none"> <li>• Research exists on the ability of the incentive program to efficiently target the desired change in behavior</li> <li>• Research exists on the contribution of the incentive program to stated sustainable forest management and conservation objectives</li> <li>• Research exists on the contribution of the incentive program to stated poverty reduction objectives</li> <li>• Research exists on the distributional and equity impacts of the incentive program</li> <li>• Evidence that effort has been made to rectify major problems that the research has uncovered</li> </ul>	<p>Accountability</p>

# Country Profile Indicators

General Profile					
<b>Demographics</b>					
Population					
% of population that identifies as being indigenous					
Human Development Index					
Per capita incomes					
Number of people below the poverty line					
Number of people dependant on forests for their livelihoods					
<b>Governance Structure</b>					
Description of government system (parliament, cameral, bicameral etc)					
Major forms of land tenure systems and their relative significance (e.g. private, public, communal, customary, etc)					
Type of judicial system (e.g., civil or common law)					
Corruption Perception Index					
<b>Institutional Structure</b>					
Identify institutions and actors in the forest sector					
Identify institutions and actors outside of the forest sector but with significant impacts on forests					
Level of decentralization					
<b>Laws and Policies</b>					
List major laws governing the forest, e.g. national forest plan, land use plan, forest code, forest laws, and any other non-specific laws					
List major international agreements ratified. (e.g., UNDRIP, CBD, UNFF, FLEGT, FLEG, CITES, ILO Member/169 FPIC					
List relevant constitutional rights (e.g. rights to assembly, freedom of speech, etc)					
Freedom of Information Act					
<b>Spending on forests</b>					
Size of the annual budget for forest related activities					
Size of particular line items within the budget (e.g. fire management, illegal logging enforcement, research, outreach and extension, etc)					
Percent of forest activity budget from international aid versus drawn from domestic sources, and which sources if available					
<b>Forest Crime</b>					
Prevalence of illegal logging and other forest crime					
Number and significance of forest fines					
Number of people incarcerated for forest crime relative to actual incidence of crime					
Independent forest crime evidence					
Overall media interest in forest crime activities, or forest issues more generally					
Corruption Perceptions Index					
Forest and Land Use Profile					
	Past Trends	Current Situation	Projected Future Trends	Notes on Spatial Distribution	Other
<b>Extent of forest resources</b>					
Area of forest					
Area of other wooded land					
Growing stock of forests					
Carbon stock per hectare in forest biomass					
Biological diversity					

Area of primary forest					
Area of forest designated primarily for conservation of biological diversity					
Total forest area excluding area of productive forest plantations					
<b>Forest health and vitality</b>					
Area of forest affected by fire					
Area of forest affected by insects, diseases and other disturbances					
Productive functions of forest resources					
Area of forest designated primarily for production					
Area of productive forest plantations					
Commercial growing stock					
<b>Total wood removals</b>					
Total NWFP removals					
Area of forest planned for conversion					
Protective functions of forest resources					
Area of forest designated primarily for protection					
Area of protective forest plantations					
<b>Expansion of other land uses</b>					
Expansion of agricultural area as percent of total land area					
Expansion of urban areas as percent of total land area					
<b>Socio-economic functions</b>					
Value of total wood removals					
Value of total NWFP removals					
Total employment					
Area of forest under private ownership					
Area of forest designated primarily for social services					
% of national GDP from forests and break out at regional level					
% of national GDP from different sectors, including forest, ag, mining, oil and gas, and other relevant ones.					
Characterization of the types of industries in each sector (formal or informal, large or small, level of organization, etc.)					
Characterization of type of forest industries - e.g. raw timber extraction or processing					
Percent of timber products exported and where					
Value of timber exports					